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GPA Newsletter

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Institute of Government & Public Affairs, University of Illinois
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September 1988
UNIVERSITY OF ILLINOIS
URBANA-CHAMPAIGN
Vol. 2
No. 2

DIRECTOR'S STATEMENT

by Robert F. Rich

GPA is strongly committed to developing effective, collaborative relationships with national, state, and local levels of government. Its projects are designed both to advance the "state of the art" of knowledge in a particular field AND to be useful to officials in government.

GPA has a tradition of developing these types of collaborative relationships, especially at the state level. In 1970 the institute worked closely with state officials on the 1970 Illinois Constitutional Convention. More recently we were asked by the Thompson Administration to serve on the staff of the Governor's transition team.

In recent years we have expanded our efforts at all levels of government. At the national level:

--We are working on a project with the National Institute of Mental Health to examine federal human resource development policy and its impact on state government. As part of this project, we have conducted a survey of the 50 states and 5 territories to collect data on human resource development policies and programs. Some of the preliminary results of this survey were presented at the Tenth National Human Resource Development Assembly sponsored by the National Institute of Mental Health in August. The final report will be available this fall.

--We are finishing our collaborative grant with the U.S. Environmental Protection Agency, which focused on innovative mechanisms which might be used to facilitate university government relationships on difficult environmental problems. This final report will also be available during the fall.

--We have an ongoing relationship with the Illinois delegation to Congress and their staff. In February of 1989 we will present the third in a series of seminars in Washington D.C. on critical policy issues facing the 101st Congress.

In the area of state government:

--Our Office of Fiscal and Regional Development has worked closely with the state lottery staff to establish economic development criteria for selecting a vendor.

--We are working closely with the Department of Central Management Services in developing management training programs for state government officials. The first Senior Executive Program will be presented October 11-14 of this year.

--We are finishing our work with the Governor's Commission on Science and Technology. This project was designed to examine the role of high technology in economic development.

Finally, we have a variety of new relationships with local government in Illinois. Some of the projects in this area include:

--development of a data base for county government on revenues and expenditures. This data base can be used on personal computers. We are also developing a report which will analyze trends emerging from an examination of the data.

--we have worked with the Attorney General's office and with the community education program at the University of Illinois in developing a handbook for new county administrators.

In addition to defining these discreet projects, we are also in the process of developing a network of university and local government officials. This "network" will try to define what effective collaboration might mean in the future. We are also trying to develop publications which communicate policy research results to government officials. Our publication series "Policy Forum" is an important step in this direction.

Land grant universities have a distinct mission of trying to link university resources with the problems of government. Our hope is that IGPA will help in fulfilling this important mission.

NATIONAL ADVISORY COMMITTEE MEETING

The third meeting of the institute's National Advisory Committee began with a dinner at the Palmer House on June 29. The featured speaker was Alvar Svanborg, a gerontologist from Sweden who is spending the next two years at UIC. The next day began with an update of IGPA activities by Director Rich. The university's budget situation and institute fundraising were also discussed. The afternoon was devoted to health research. It began with a presentation by Ann Flood; Bill Bevan of the MacArthur Foundation then led a discussion based on nine issues he feels should be considered.

FACULTY AND STAFF ACTIVITIES

HARRY CAMPBELL's report, "State and Regional Impact of Diamond-Star Motors," appeared in the August issue of Illinois Business Review.

DAVID CHICOINE took over the duties of head of the Dept. of Agricultural Economics during the summer. He will maintain an office at IGPA to do his research.

GILL LIM spent the summer lecturing in China and is now in Korea. He is expected back sometime in October.

ANNA MERRITT's essay, "Regionalism and Political Community in Illinois," appeared as an IGPA pamphlet in June. It draws on material presented prior to and during the conference "Illinois: A House Divided?" that IGPA sponsored in December 1986.

TOM MURRAY, former graduate research assistant at IGPA, is working in the research department of D.D.B. Needham Worldwide Advertising in Chicago. He and Sue, and their newborn son, Patrick, moved to the Windy City in August.

PETER NARDULLI's work on the exclusionary rule was mentioned in the July 18 issue of NEWSWEEK, in an article entitled "Fighting Crime by the Rules: Why cops like Miranda."

MACK SCHMIDT has resigned from the university and accepted a position as director of the Technology Advancement Center at University Hospital Consortium, Inc. in Chicago.

TOM ULEN will present papers at conferences in Belgium and Norway this fall and spend the spring semester in China, teaching a select group of graduate students at the People's University in Beijing and Fudan University in Shanghai.

ECONOMIC FORUM

As part of a two-year program designed to inform Illinois policymakers at both the state and federal levels of government, IGPA and the Institute for Illinois in Washington, D.C., held a conference on the UIC campus on the main speaker was James E. economist at the Bank of principal contributor to a last spring by MIT Press Massachusetts Miracle. Mr. Howell's presentation elists representing various in Illinois: J. Fred , presenting an academic Allardice, vice-president t director of research at Reserve Bank of Chicago he business perspective; tt, deputy director of the Enterprise Center with the al perspective; and John cutive director of the ommission on Science and resenting the governmental

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attitude of vitality that has easily shed the label of Taxachusetts.

What are the key elements in this revitalization? Three factors account for it: entrepreneurship, technology transfer, and capital financing.

The Massachusetts revitalization was shaped and driven by high levels of individual entrepreneurship. We have learned a lot about these entrepreneurs. Most of them create their firms and their new high technology companies in their 30s, and 50 to 60 percent of them come from families where the father was self-employed. Why does the Boston area have so many entrepreneurs? We have not a single comparative advantage except one, and that is the most significant educational and research conglomeration on the face of the earth. There are 65 colleges and universities in the region, and over 800,000 college students in New England, about a third of which come from other parts of the country and the rest of the world, including Illinois.

And they stay. For instance, 90 percent of the electrical engineers who take their final schooling in Massachusetts will pursue their careers in that state.

The revitalization of Massachusetts was built on a foundation of existing progressive technology transfer. Between 1965 and 1975 one-half of the new computer-generated products came out of established manufacturing companies. For instance, new businesses were started by 44 former employers of one company in Boston, and 32 of these now have sales double the former parent. The key point is that in New England, we have an expectational value system in the academy for those who want to achieve entrepreneurial goals, and it's compatible with progressive venture capital. During most of the late fifties and into the early sixties our bank made a decision that any engineer or any person who came in with a

ECONOMIC FORUM

As part of a two-year program designed to inform Illinois policymakers at both the state and federal levels of government, IGPA and the Institute for Illinois in Washington, D.C., held a half-day conference on the UIC campus on May 20. The main speaker was James Howell, chief economist at the Bank of Boston and principal contributor to a book published last spring by MIT Press entitled The Massachusetts Miracle. Responding to Mr. Howell's presentation were four panelists representing various perspectives in Illinois: J. Fred Giertz, IGPA, presenting an academic view; David Allardice, vice-president and assistant director of research at the Federal Reserve Bank of Chicago examining the business perspective; Brian Caldicott, deputy director of the Chicagoland Enterprise Center with the entrepreneurial perspective; and John Straus, executive director of the Governor's Commission on Science and Technology presenting the governmental view.

The following statement is an edited excerpt from the transcript of Mr. Howell's remarks.

* * *

By 1975 Massachusetts had completed 25 years of what can best be described as industrial stagnation. During the period of 1968 to 1975, New England lost 252,000 manufacturing jobs; of those 115,000 were concentrated in Massachusetts. It is a documentable fact that in 1972, 1.25 million residents in the Commonwealth of Massachusetts--out of a population of 5.7 million--were on Public Assistance. At that time the common-place label of Massachusetts was Taxachusetts.

Today, we have an unemployment rate of less than 3 percent. We have no overhang of a tax burden, and we have an

attitude of vitality that has easily shed the label of Taxachusetts.

What are the key elements in this revitalization? Three factors account for it: entrepreneurship, technology transfer, and capital financing.

The Massachusetts revitalization was shaped and driven by high levels of individual entrepreneurship. We have learned a lot about these entrepreneurs. Most of them create their firms and their new high technology companies in their 30s, and 50 to 60 percent of them come from families where the father was self-employed. Why does the Boston area have so many entrepreneurs? We have not a single comparative advantage except one, and that is the most significant educational and research conglomeration on the face of the earth. There are 65 colleges and universities in the region, and over 800,000 college students in New England, about a third of which come from other parts of the country and the rest of the world, including Illinois.

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The revitalization of Massachusetts was built on a foundation of existing progressive technology transfer. Between 1965 and 1975 one-half of the new computer-generated products came out of established manufacturing companies. For instance, new businesses were started by 44 former employers of one company in Boston, and 32 of these now have sales double the former parent. The key point is that in New England, we have an expectational value system in the academy for those who want to achieve entrepreneurial goals, and it's compatible with progressive venture capital. During most of the late fifties and into the early sixties our bank made a decision that any engineer or any person who came in with a

government contract and wanted to create a new technology company, the only way you could turn that loan down was to go to a senior vice president.

As successful as this engineering technology phenomenon has been, it is not without its troubling dimensions. You may have read that the urban place that is most common and most representative of the revitalization is Lowell; nothing could be further from the truth. Lowell is truly the exception to the revitalization process; most of the other milltowns are the rule. We looked at 88 plant locations or relocations among six high-tech companies over the past 25 years and found that two-thirds of them went into communities of less than 50,000 in population. So the revitalization process through technology left a lot of residents in our milltowns behind. These companies chose sites in very small communities. So, it has been a small community rather than an urban phenomenon.

Let me talk just briefly about small business development, particularly minority businesses in Boston's inner-city because that's a place where economic enfranchisement is pretty tough to pull off. Working through the Council for Economic Action, we have put together a program in the city of Boston. It starts with the premise that no minority business enterprise should have an impediment put before it to be able to access capital markets. We wanted to design a program that had capital access as its most important element. When a small minority entrepreneur comes in and wants to borrow money from the Bank of Boston, our banker will give them exactly five seconds. They know they don't have a business plan. They know they don't have any capital at risk, and so we throw the person out on the street--an unhappy outcome both from the bank's

standpoint and the individual's standpoint.

So, working in tandem with Boston University and five Boston banks, we set up a program that worked quite differently; namely, we said that preparation is the means to gaining access to capital markets. Over the last three years in Boston and 11 other cities we have been attracting minorities into the program at Boston University, and training them. They are not entrepreneurs. They are not going to the Harvard Business School, but we are training them, and they come out of that program with a business plan in their hand, and they follow up on this. We take them to the bankers, and we work with them through the Technical Assistance Network. By now we have trained over 3,000 individuals across the country in 12 sites and have created over 350 businesses.

What I have said thus far is that technology development can play a dominant role in the revitalization of any area that has some technological endowments. You have it here in Chicago. There's no question about that. It's in this facility right here. I also said that the other part of development is small business development, minority economic enfranchisement.

That brings me to my conclusion, and here I want to talk about attitudes and community behavior. Community attitudes exist here in Chicago. They exist in Boston. They exist everywhere. They gradually evolve over time, as they should, and the stability of a community comes from those attitudes, because that's the glue that holds everything together. When an urban or regional economy gets into difficulty, we often find a need to change attitudes. This is important, and an individual should develop what we back home in Texas would call a pull-together attitude around new goals, but this is often in the face of

tightly drawn community and traditions. What I have seen time and time again that community leaders simply do not want to change.

The interesting thing about changing attitudes, not only in New England, but across the country, is that it comes from almost totally unexpected places. The revitalization of Lowell was the brainchild of Pat Mogan, the superintendent of schools. The work we are doing in Akron now is being pushed by the university president, Bill Mutz; in Toledo, it was George Hague of Toledo Bank and Trust, and so on. Leadership is always in the community if you can find ways to encourage it to come forward. But make sure you do not misunderstand my line of causation here: no amount of community leadership, no amount of attitude change, no change per se, can stimulate economic growth. That only happens when a corporate treasurer makes a decision to invest in a particular area. But it will certainly be facilitated if there are positive attitudes.

As I go around the country, and I go to about 125 or 135 cities a year, I have noticed that the number one identifying characteristic of communities that are down on themselves is timidity. They are not aggressive in pursuing the goals they know very well they can pursue. I don't think anywhere in nearly 20 years of doing this have I ever seen an urban area or regional economy fail because of an excess of boldness.

OFFICE OF FISCAL & REGIONAL DEVELOPMENT

A new office has been created in IGPA to serve as a focal point for the institute's and the university's activities in two increasingly important areas:

- 1) state and local public finance and
- 2) regional economic development and revitalization. According to its director, J. Fred Giertz, "the overriding objective of the new office is to

contribute to a more capable state and local government system that is more effective at addressing critical finance and service issues including those designed to promote economic development."

CONSTITUTIONAL CONVENTION

by Samuel K. Gove

At the November 8th general election in Illinois voters will be asked whether a constitutional convention should be called. The question is on the ballot because the 1970 Constitution states that the issue must be on the ballot at least once every twenty years. Up until now the issue has received little attention in public circles. The legislature did create a Committee of 50 to analyze the present constitution and to make recommendations to the governor, the legislature and the voters. As of this date the committee (composed of public officials, legislators and citizens), has not issued a final report. It is expected shortly. It has, however, put out a set of background papers on various aspects of the issue.

How significant the report of the Committee of 50 will be to the voters is very unclear. The question for the voters will be whether to vote yes or no "for the calling of a State Constitutional Convention." For many this will seem like a harmless question, and they may well vote in favor without considering the consequences. (There will be two other relatively minor constitutional amendments on the November 8 ballot as well.)

Proponents are led by populist Pat Quinn who has many proposed constitutional changes on his agenda. The issue also has many detractors, including many newspapers. Certain public officials, such as Jim Edgar (a member of the Committee of 50), have spoken out strongly against the issue. Groups such

as the Illinois State Chamber of Commerce and Illinois AFL-CIO have also gone on record in opposition.

It is well to look back at the 1968 call for a convention, which passed, and the resulting 1967-70 convention. IGPA played a significant role in the preparatory work for that gathering, and did much of the staff work for the Constitution Study Commission prior to the convention. Institute staff persons also played many roles during the convention, and after the convention much analytical literature was prepared and published by the institute. In fact, the 1970 Illinois Convention has probably been better documented and studied than conventions held in any other state.

The institute as such does not take positions on public issues. Individual staff members, however, are certainly free to participate, and undoubtedly will. The decision for or against the call for a convention is a political one, although it is clothed in "good government" terminology. Persons making a decision will undoubtedly have an agenda, hidden or otherwise. The potential for making political points on the question is real. Future political leaders can be developed in the process. This certainly was the case in 1970.

Although the decision is political, we hope the decision is an informed one. So far there has been little informed discussion by the general public. This is unfortunate. The issue is too important to the future of Illinois for the decision to be made with little knowledge.

THE STATE OF POLICYMAKING

In honor of its 40th anniversary IGPA will hold a conference in spring 1989 on the state of policymaking research.

Papers presented at the conference will then be published. The following statement is taken from an outline written by Paul Quirk and presented at the June meeting of the National Advisory Committee.

The conference will address both research that seeks to understand public decision processes for its own sake and research that seeks to discover methods of improving those processes. It will give special emphasis to the relation between those objectives. Thus the conference will take up three tasks. It will explore the central ideas by which theorists attempt to understand political institutions and the policy process. It will assess some of the major strategies that have been proposed to reform or strengthen policymaking. Finally, it will consider how the nature and dynamics of policymaking bear on the merits of those strategies.

A major objective of the conference is to help overcome what, in our view, are two weaknesses of the literature on policymaking. One is that competing theoretical perspectives are employed by separate groups of scholars, often without much interaction; they are rarely brought into confrontation or, in any fundamental sense, evaluated. At the level of basic assumptions, there is disagreement without debate. Thus a central theme of the conference will be to compare two general approaches to the study of policymaking: (1) the political-economy perspective, which interprets political behavior as the rational pursuit of self-interest; and (2) what we will call the social-politics perspective, which interprets behavior as reflecting various forms of social motivation (such as professional norms, organizational missions, and conceptions of the public interest). Broadly speaking, the distinction is between a view that takes individuals and their objectives as the analytic starting point and one that regards

social units and their values as more decisive and assumes that individual responses are largely shaped by socialization. In addition, the conference will examine other basic issues such as how information is processed and how institutional structures affect decisions.

The other weakness of the literature is that even though strategies for improving policymaking always depend on certain attributes (either actual or potential) of the policy process, they are usually discussed without reference to explicit theories of that process. Important assumptions of the strategies are not recognized, let alone seriously examined. To help correct this omission, the conference will consider the practical implications of theoretical perspectives on policymaking and, conversely, the behavioral assumptions of proposed strategies for improvement.

Although the papers will be selected to represent broad approaches and major proposals, they will primarily report focused research by the authors. Taken together, they should offer a useful perspective on the state of research, both academic and practical, on public policymaking.

VALUE-ADDED PROJECTS

During the past year eight teams of scientists at the University of Illinois have been working on value-added research projects, which were funded by the government of the state of Illinois. One of the teams comprised J. Fred Giertz and David Chicoine, members of the IGPA staff. What follows is the nine-month progress report they delivered in May 1988.

The adding of value in Illinois to agricultural products produced in the state is an economic development strategy that is intended to benefit both the agri-

cultural sector and the manufacturing and industrial sectors of the state's economy. With the Illinois economy experiencing problems in both areas, the success of the value-added strategy could have an important complementary impact on both agriculture and manufacturing in the state. This strategy also has the potential to create jobs in non-urban areas of the state for workers who are forced to make the transition from farming to other types of activities.

The purpose of this proposed study is to assess the overall business climate in Illinois and then to evaluate the business types of agricultural value-added activities. Special attention will be directed to the impact of the business environment on the creation of new value-added type businesses. The business climate refers to a variety of factors affecting the cost of doing business in certain locations. This includes such things as labor costs (direct wages, unemployment insurance and workman's compensation), state and local tax burdens, the availability of financial services, utility costs, and transportation costs. The business environment is also affected by the range of services offered to businesses and their employees by state and local governments.

It is important to determine if Illinois is in a favorable position to compete with other states for particular agricultural value-added enterprises if promotion of these activities is to be effective. It is also vital to know which regions in the state are best suited for these types of activities. Furthermore, if unfavorable conditions are identified, efforts can be directed to making changes that can enhance Illinois' competitiveness.

The study must first identify the types of activities that have the potential for contributing value-added to agri-

cultural products. This is very important since recent research indicates that business climate conditions are location and industry specific in most cases. A state's business climate cannot be characterized in general terms. A particular set of state policies or economic conditions may provide a favorable climate for one type of business and an unfavorable situation for another. Similarly, particular locations within a state must be analyzed since cost and other factors differ markedly among various sites. The study will evaluate regional business climates as well as the overall business climate for agricultural value-added activities. Possible regional configuration could include congressional districts, legislative districts, state designated development corridors, and so forth.

The study will provide insights into Illinois' position relative to other states as well as identifying agricultural value-added activities that seem well suited for particular locations in Illinois. This will help determine why activities that seem well suited for Illinois are not, in many cases found in the state. From this analysis will come suggestions for policy changes that might remove existing barriers to the development of new value-added enterprises. This might also encourage existing firms to relocate or expand in Illinois.

GOVERNOR'S INTERN SEMINAR

During the spring 1988 semester IGPA and the governor's office in Springfield jointly sponsored a seminar series for participants in the James Dunn Fellowship Program and the Vito Marzullo Internship Program. The purpose of the series was to acquaint the interns with aspects of the policymaking process in Illinois state government. The final session, which was held on July 12,

dealt with AIDS; the speaker was Susanne Montgomery, an epidemiologist at the UIUC campus. Other topics and speakers in the seminar series included:

Illinois gov't -- Sam Gove, IGPA;
and Jim Banovetz, NIU

Tax reform -- Fred Giertz & David
Chicoine, IGPA; and Doug Whitley,
Taxpayers' Federation of Ill.

Economic Development -- Steve McClure,
Dept. of Commerce & Community
Affairs

Health Care -- Alexander Schmidt, IGPA
Elem./Secondary Educ. -- Jim Ward,
UIUC; and Dorothy Maggett, State
Board of Education

At the final session the possibility of repeating the series for the next group of interns was discussed; all agreed it would be a good idea, and plans are now being made to hold a series in the fall.

COLLECTIVE BARGAINING

On December 8 an invitation-only workshop will be held for representatives of organizations involved in the public elementary/secondary education collective bargaining process. It will be the culmination of a series of meetings held for over a year among interested faculty from the Institute of Labor and Industrial Relations and the College of Education and leaders from the teachers' unions, as well as the statewide associations of the school boards, administrators, principals, and personnel administrators. Anna Merritt, IGPA assistant director and former president of the Urbana School Board, is a member of the three-person committee responsible for organizing the workshop. The featured speaker will be Adam Urbanski, a union leader from Rochester, N.Y. Most of the day will be spent in small groups discussing pre-arranged topics relating to the strengths and weaknesses of various approaches to collective bargaining in the education arena.

AMERITECH PROJECT

In June IGPA received \$100,000 to fund the second year of the Ameritech Fellowship Program. During the first year eleven research projects and a visit on both campuses by Elizabeth Bailey were supported by the program. In the coming year it will fund another set of research projects, a lecture/visit by Brian J. L. Berry (professor of Political Economy at the University of Texas at Dallas), as well as a lecture series on regulation. The topics and speakers in this series include:

- Sam Peltzman (Univ. of Chicago),
How Efficient is the Voting Market?
- David Besanko (Indiana Univ.),
Design of Public Enforcement under
Asymmetric Information
- Kip Viscusi (Duke Univ.), The Effect
of Product Liability Regulation on
Innovation
- Steven Wiggins (Texas A&M), TBA
- Dennis Yao (Univ. of Pennsylvania),
Split Awards
- Douglas North (Washington Univ.),
A Theory of Institutional Change
- Thomas Ulen (Univ. of Illinois),
Cognitive Imperfections and the
Economic Efficiency of Law
- Kenneth Lehn (SEC & Washington Univ.),
Regulation Takeovers

IGPA FUNDED PROJECTS

As it has for the past two years, the institute once again awarded funds in late summer to a number of faculty on both the UIC and UIUC campuses. Of the fifteen proposals submitted in response to the RFP, seven received at least partial funding.

- Gary Albrecht, Public Health UIC
AIDS & social policy
- Harvey Choldin, Sociology UIUC,
Adjusting the Census
- Jerry Goodstein, Business Admin.
UIUC, Hospitals and Long-Term Care
- Sydney Halpern, Sociology UIC,
Clinical Research & Innovation in
Neonatal Intensive Care

- Bert Useem, Sociology UIC, Prisons
- Will White, Economics UIC, Professional Regulation, Technological Change and the Division of Labor in Medicine

In addition, funds were made available during the summer to Jan Brueckner (Economics UIUC) to write a paper, "Modeling Government Behavior in Collective Bargaining: A Test for Self-Interested Bureaucrats." It has appeared as No. 14 in the Working Paper Series on the Political Economy of Institutions put out by the Bureau of Economic and Business Research.

WORKING PAPER SERIES

Working Paper #4: "The Extent and Limits of Bureaucratic Influence Over Public Policy: Telephone Regulatory Policy in the American States, 1977-1985," by Jeffrey E. Cohen.

Abstract: The key to bureaucratic influence resides in the resources that bureaucracies possess. Bureaucratic resources provide the agency with capabilities that politicians may not possess as well as independent bases of power and support. Four bureaucratic resources are identified: personnel, legislative grants of authority, organizational complexity, and leadership. Multiple regression analyses of state telephone policies from 1977-85 are used to test for the comparative impact of bureaucratic, political, and interest group effects. On the technical issue of rate levels, bureaucratic influence compares favorably with that of politicians, but on the redistributive issue of the business to residential cross subsidy, bureaucratic effects, though noticeable, are small and easily overpowered by political effects. Thus, while bureaucratic resources may lead to bureaucratic influence over the policy process, the nature of the issue matters.

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DIRECTOR'S STATEMENT

by Robert F. Rich

IGPA is strongly committed to multidisciplinary and interdisciplinary research in the area of policy studies. Moreover, it has a tradition of conducting research that both advances knowledge in a given field and is useful to government officials.

A multidisciplinary research perspective assumes that several different disciplines have a distinct contribution to make to the investigation of a particular set of questions. Each discipline may bring a special or unique perspective to the project. The project leader has the responsibility of weaving these perspectives together into an overall framework for understanding the problem at hand.

Our project on regionalism in Illinois, directed by Professor Peter Nardulli, is an example of this kind of project. Scholars in the areas of political science, economics, geography, history, and planning came together with practitioners to address the impact of regionalism and regional conflicts in Illinois. Similarly, our recent project on university/government relations in the area of environmental research (directed by Professor Boyd Keenan) represents an effort to bring multiple disciplinary perspectives

to bear on assessing the health of environmental research in the United States.

Interdisciplinary research is a difficult endeavor for researchers based in a university environment. To be successful the project leader must seek to synthesize several perspectives into an integrated framework. This is a new conceptualization that advances the way we think about a particular problem. The interdisciplinary perspective seems to assume a synthetic framework in which it is not possible to identify particular disciplinary contributions. The work of the Office of Fiscal and Regional Development Studies, directed by Professor J. Fred Giertz, is interdisciplinary in nature. The field of economic development studies is clearly synthetic in nature. Our work in the area of liability studies, directed by Professor Thomas Ulen, combines legal, political, and economic perspectives into a single framework for examining questions of product liability, professional liability, and comparative negligence.

There is little doubt that interdisciplinary research is the most difficult kind of project to complete successfully. In some areas it may not be desirable or appropriate to move beyond a multidisciplinary perspective. At IGPA we pursue both types of projects.

Illinois and the Implications of the October Stock Market Crash.

An afternoon meeting was held on May 20 on the UIC campus on "The Business Climate in Illinois." The featured speaker was James Howell, chief economist of the Bank of Boston and principal contributor to a book entitled The Massachusetts Miracle. Four panelists representing different perspectives in this state responded to Mr. Howell's presentation.

On September 12 a short meeting was held in Washington on "AIDS and Its Impact on Illinois." Speakers were: Susanne Montgomery, an epidemiologist with the Dept. of Health and Safety Studies at UIUC; Edward L. Morgan, vice president for corporate relations at the Allstate Insurance Company; and Judith Cooksey, assistant vice chancellor for health services at UIC.

A second Illinois meeting was held on the Southern Illinois University-Edwardsville campus on December 5. The topic: "Community Economic Development Strategies." Five speakers gave presentations at this all-day meeting: Donald Elliott, Dept. of Economics, SIU-Edwardsville; Robert E. Friedman, president, Corporation for Enterprise Development in Washington, D.C.; J. Fred Giertz, IGPA; Stanford Levin, Dept. of Economics, SIU-Edwardsville; and Jack Sheehan, district manager for economic development, Illinois Bell Telephone Co.

Plans are now underway for both an all-day meeting on March 20, 1989, in Washington and a half-day session on welfare reform to be held in Springfield later in the spring. IGPA and IFI also plan to

organize brief meetings during the early part of 1989 as the 101st Congress begins to come to grips with specific policy issues.

GOVERNOR'S INTERN SEMINAR SERIES

As it did last spring, IGPA is once again cosponsoring a series of seminars for interns in the James Dunn Fellowship Program and the Vito Marzullo Intern Program. To avoid conflicts with the General Assembly sessions in the spring, the series was moved to the fall. Five sessions have been organized. At each session presentations are given by three or four speakers from Illinois colleges and universities as well as from state government agencies. Topics covered include: Illinois Government - Does It Work?; Public Elementary and Secondary Education in Illinois - Is Illinois Falling Behind?; Economic Development in Illinois - Are We On the Right Track?; The Role of the Media in State Government - Reporter or Guardian of the Public Interest?; Providing Adequate Health Care in Illinois - Problems and Issues.

GIFT TO IGPA LIBRARY

Robert E. Kennedy, a former reporter with the Chicago Sun-Times, has donated a number of books to the institute library, including: the eight volumes of Papers of Adlai E. Stevenson, edited by Walter Johnson; John Bartlow Martin's Adlai Stevenson of Illinois and Adlai Stevenson and the World; Adlai: The Springfield Years, by Patricia Harris; and Paul H. Douglas' autobiography, In the Fullness of Time. The institute and staff are extremely grateful to Mr. Kennedy for this generous gift.

AMERITECH PROJECT

J. Fred Giertz, director of the Ameritech project at IGPA, has announced that the second Ameritech Visiting Fellow will be Brian J. L. Berry. Berry, an eminent geographer who has specialized in the area of regional economic development and is a member of the National Academy of Sciences, will be on the UIUC campus March 8-10 and on the UIUC campus March 13-15, 1989.

During the fall semester the Ameritech Fellowship program sponsored a series of lectures in cooperation with the Illinois Seminar on the Political Economy of Institutions, a series of lectures by distinguished scholars on the theory of regulation and regulatory institutions. It was organized and coordinated by Pablo Spiller, McKinley Professor of Economic and Public Utilities at UIUC. The speakers and their topics were: Sam Peltzman (Univ. of Chicago), "How Efficient is the Voting Market?"; David Besanko (Indiana Univ.), "Design of Public Enforcement Under Asymmetric Information"; Kip Viscusi (Duke Univ.), "The Effect of Product Liability Regulation on Innovation"; Steven Wiggins (Texas A&M), "Possession, Property Rights, and Contractual Enforcement"; Dennis Yao (Univ. of Pennsylvania), "Split Awards"; Douglas North (Washington Univ.), "A Theory of Institutional Change"; Thomas Ulen (UIUC), "Cognitive Imperfections and the Economic Efficiency of Law"; Kenneth Lehn (SEC and Washington Univ.), "Regulation of Takeover."

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The next issue of the IGPA Newsletter will appear in March 1989.

REAL Project

Through an agreement with the Federal Reserve Bank of Chicago, IGPA has established the Regional Economic Applications Laboratory (REAL) with Geoffrey Hewings, head of the UIUC Dept. of Geography, as principal investigator. REAL will have an office and two senior researchers at the IGPA-Chicago office, as well as a graduate student assistant at the Urbana-Champaign campus. The major objective in the research is the development of a set of integrated analytical models of the Illinois economy. Initially, the system will be based on an input-output model. Further extensions will include the construction of an econometric module, a labor market module and a set of demographic/migration components.

A nonsurvey input-output model has been constructed for the state of Illinois using techniques generally accepted in the literature. However, while confidence can be placed in the accuracy of the model as a whole, one can be less assured of the integrity of some of the individual coefficients. For this reason, some additional survey data are required; in the past, these data have often been collected on an ad hoc basis. However, recent developments have provided procedures for identifying those coefficients deemed analytically important--their correct estimation would provide confidence in the overall quality of the model. An alternative data collection procedure to the administration of a de novo survey would be to use the data collected for manufacturing establishments by the Census Bureau. These data are collected for all (>325,000) establishments every five years and

for a stratified sample every year. The five-year data collection provides the necessary information for the construction of the national input-output tables; it is our intention to use these files for Illinois establishments to augment the nonsurvey input-output model. Furthermore, 1982 data will be available whereas the 1982 national input-output tables will not be available for many years.

In addition to providing valuable inputs for improving the input-output model, the annual data may provide an important time series to enable estimation of the efficiency of Illinois industry and to chart some of the dynamics associated with structural change within the state's manufacturing sector.

The project will thus provide an important contribution to the provision of analytical capability for improving our understanding of the growth and development of the Illinois economy, and for measuring the impacts of changes in economic activity (opening/closing of firms, changes in government expenditures).

NOONTIME PRESENTATIONS

During this fall semester IGPA has sponsored or cosponsored four noontime presentations. On October 27 the institute and the Center for Health Services Research at UIC cosponsored a talk by Clifford A. Hooker of the University of Newcastle; the title of his presentation was "Ethical Dilemmas in the Allocation of Health Resources." It was held in the conference room of our Chicago office.

David Linowes spoke at a catered luncheon at the UIUC Levis Faculty Center on Wednesday, November 2. The topic of his presentation was the report of the President's Commission on Privatization, which he chaired. Approximately two dozen faculty members from a wide variety of departments attended the luncheon.

Ross Mullner, director of the Center for Health Services Research in the School of Public Health at UIC, spoke about current research activities at the center. His presentation was cosponsored with the Dept. of Health and Safety Studies and was held at the UIUC Levis Faculty Center on Nov. 22.

Gary Albrecht, professor of Health Resources Management at UIC, gave a brownbag presentation at IGPA-Urbana on Friday, December 2. He spoke about "The Effect of AIDS on Health-Care Workers" to an audience of IGPA staff members and participants in the UIUC AIDS Network.

NEW FACE AT IGPA

Barbara McInerney has joined the IGPA staff as the secretary for our Chicago office. She replaces Sandy Kass, who oversaw the startup of our operation at that office; Sandy has taken a position with the Gerontology Center at the UIC School of Public Health. Barbara, a native Chicagoan, recently returned from the state of Maine where she had pursued a long-standing dream of running a theater. While we certainly do not want to stand in the way of dreams, we very much hope that she will stay with IGPA for some time.

FACULTY & STAFF ACTIVITIES

RICHARD ARNOULD is on sabbatical and has spent the first semester in England.

DAVID CHICOINE and FRED GIERTZ presented a paper at the 81st annual conference on taxation held by the National Tax Association-Tax Institute of America in Des Moines, Iowa; their paper was entitled "Interjurisdictional Fiscal Competition and Economic Development."

ANN BARRY FLOOD left for a five-week visit to China on December 12. After presenting a series of lectures, she and her husband, Hal, will join a bird-watching tour arranged by a British organization.

FRED GIERTZ attended a conference in Houston, Texas, on November 14-15 on "New State Roles: Environment, Resources and the Economy."

SAMUEL K. GOVE's OpEd piece about the proposed state constitutional convention appeared in the Chicago Tribune on November 4. He also spoke about Con Con at the University YMCA in its "Know Your University" series. The final sentences of an article in the UIUC Illini Week summed up Gove's sentiments on the subject: "I will take my chances on getting these changes by legislative action with voter approval. I do not want to open up the constitution to wide-open change. The present constitution is a good one." (For our non-Illinois readers, we might add that the referendum for a constitutional convention failed at the November 8 election.)

GILL CHIN LIM, who spent the summer lecturing in China, has spent most of the fall semester in Korea.

JOHN McDONALD saw two of his articles in print this fall: "The First Chicago Area Transportation Study Plans and Projections for Metropolitan Chicago in Retrospect" appeared in Planning Perspectives, Vol. 3, no. 3 (Sept. 1988): 245-68; and "Constraints on Land Consummation and Urban Rent Gradients," coauthored with E. d'Ouville, was published in the Journal of Urban Economics, Vol. 24, no. 3 (November 1988): 279-88.

CAROL MOCK has been named to the National Research Council Committee on the Use of Volunteers in the Schools for the National Academy of Sciences.

NOREEN SUGRUE has been invited to serve as a member of an AIDS Advisory Panel by Lonnie Edwards, commissioner of health in Chicago.

TOM ULEN will leave on February 15 for China; he will deliver a series of lectures and seminars at Fudan University in Shanghai between February 15 and April 15; during the last week of April he will be a visiting fellow at the University of Sydney (Australia) Law School. He expects to return to Urbana-Champaign on May 1.

NATIONAL ADVISORY COMMITTEE

Adlai E. Stevenson III has been named to the institute's National Advisory Committee. Chairman Robert Perloff and IGPA Director Rich met in early December to discuss the committee's next meeting, scheduled for spring 1989.

EXAMINING THE U.S. CONSTITUTION

The Constitution and The American Political Process, edited by Peter Nardulli and his colleague UIUC political science professor Fred Wirt, has been accepted for publication by the University of Illinois Press. The volume stems from a conference held in December 1987 for the bicentennial celebration of the U.S. Constitution. It consists of four sections: "The Constitution and the Development of National Political Institutions"; "The Constitution and Its Institutional Penumbra"; "The Constitution and the Federal System"; and a concluding section comprising a single chapter by the editors, "The Empowering and Protective Concerns of American Constitutionalism."

SENIOR EXECUTIVE TRAINING

On October 11-14, 1988, the Institute of Government and Public Affairs sponsored a training program for senior executives in state government. The seminar was put on in cooperation with the Illinois Institute for Training and Development, Sangamon State University, Illinois Association of Graduate Programs in Public Administration, and the state of Illinois. This seminar was the first time the state and institutions of higher education have teamed up to offer such a program in Illinois.

The purpose of this, and subsequent senior executive programs, is to offer continuing education and training in management to senior state officials. Topics covered in the seminar included "Employment Decisions In the Public Sector:

Who Is Liable and When"; "Strategic Management"; and "Increasing Productivity In the Public Sector." Faculty for the program included Steven Adelman of Keck, Mahin, and Cate in Chicago; Thomas Burns and Larry Hirschhorn of the Wharton Center for Applied Research; Tom Ulen of the University of Illinois; and Marc Holzer of John Jay College. Participants in the seminar included agency directors, department directors, and bureau chiefs from departments such as agriculture, corrections, revenue, employment security, and central management services.

The evaluations of participants and faculty members were very positive. The importance of management training was emphasized by our guest speakers at the opening dinner and closing luncheon. At the opening dinner University of Illinois President Stanley O. Ikenberry, Michael E. Tristano, director of Central Management Services, and Jeff Miller, Chief of Staff, Office of the Governor, all emphasized the need for well-informed leaders in government. All agreed on the need for continuing education tailored to the unique needs of state government and tied to the most up-to-date theory and research in academia. Moreover, such efforts have their unequivocal support. At the closing luncheon Paula Wolff, Director of Policy and Planning, Office of the Governor, emphasized that this program should be seen as a beginning. She encouraged all participants to take more opportunities to continue their training.

The next senior executive program is scheduled for March 27-30, 1989. It will be held on the UIUC campus.

NIMH Project

Robert F. Rich, Noreen M. Sugrue, and Mark Woo recently submitted a report to the National Institute of Mental Health entitled "State Resource Development Programs: Future Direction and Priorities." It discusses the policies, activities, and resource allocations devoted to state human resource development activities in the mental health arena.

The data collection instrumentation was sent to all directors of state (and territorial) departments of mental health. The purpose of the study was to determine the levels of monetary and manpower resources devoted to human resource development activities. This is especially important in mental health since it is one of the more labor intensive services provided by government. We also wanted to compare differences in human resource development policies and priorities among states.

Study on Delinquency

The Illini Week (a UIUC newspaper for faculty and staff) carried an article in its November 17 issue about Rob Sampson's research on the causes of juvenile delinquency. Using 1980s techniques to analyze 1940s and 1950s data, he and a colleague at Northeastern University found that mothers' supervision, parental styles of discipline and parental attachment were the most important predictors of serious and persistent delinquency. Background factors--such as parental criminality or drunkenness, broken homes and crowding--had little or no direct effect on delinquency.

From AT CHICAGO (UIC weekly newspaper), 11/23



Judge Harry Leinenweber



Rep. Lynn Martin

Judge's UIC course features legislators

During the fall quarter, U.S. District Court Judge Harry D. Leinenweber taught a special course entitled: "The Legislative Process," in the political science department. The course was co-sponsored by the Institute of Government and Public Affairs.

The course, being taught for the first time at UIC, focused on politics and the law. Students were introduced to the realities of the legislative process. Some of the major questions that were discussed included: How is a legislative agenda formed? What role does the legislative leadership play in the state legislature and in the United States Congress? What role do interest groups, lobbies, and the electorate play in the legislative process? How does a bill become law? What impact does the executive branch have on the legislature? What impact does the judiciary have on the legislature?

In order to answer these questions students were given a set of readings heard guest speakers who could inform students on how the system works from the vantage point of someone who is currently involved with the legislative process.

State Senator Arthur Berman, D-Chicago, spoke about Chicago school reform and how this law went through the legislature; he also spoke about leadership in the legislature.

State Representative Gene Hoffman, R-Elmhurst, spoke on leadership and the legislative process from the perspective of the minority party.

Congresswoman Lynn Martin, R-Rockford, spoke about leadership and the legislative process in the U.S. Congress.

Congressman William O. Lipinski, D-Chicago, and Congresswoman Cardiss Collins, D-Chicago, talked about the role of committees and the election process.

Alderman Burton P. Natanson spoke about the legislative process from the perspective of the Chicago City Council.

James Reilly, deputy governor, talked about the perspective from the Governor's office; how does the office interact with the legislature?; how does a bill become law?

Before joining the U.S. District Court in December 1985, Judge Leinenweber was a member of the Illinois General Assembly for 10 years. In the General Assembly, he was chairman of the House Judiciary Committee for the 82nd General Assembly. He practiced law in Joliet from 1962 to 1985.

This course was open to degree candidates through the political science program and to others interested in law and politics through the Institute of Government and Public Affairs. It will be offered again in the fall quarter of 1989.

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IGPA Newsletter

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DIRECTOR'S STATEMENT by Robert F. Rich

As the Bush administration began its first 100 days in office, IGPA and other institutes of its kind were thinking about how we might have a positive impact on the agenda development process. Environmental policy is one area where we feel we can make a contribution.

We are building on the results of our national symposium, "Scientists, Universities, and the Environment." Participants in this meeting emphasized one conclusion in particular: there is no environmental research mandate at the federal or state level of government. Moreover, no federal agency is serving as the "lead agency" for coordinating environmental research activities. This is true for basic research in the natural sciences as well as for policy-related research. This "state of affairs" is particularly problematic at a time when a number of environmental problems are emerging as high priority items on the national agenda: acid rain, global warming and the greenhouse effect, biotechnology, solid and hazardous waste, the ozone layer, and protecting the "eco-system."

These problems are important because of the intense controversy at all levels of government and between government and the private sector over formulating appropriate solu-

tions. Acid rain affects Canadian-American relations; the other issues may involve and/or exacerbate regional conflicts within the U.S. In addition, these environmental issues serve to highlight some trade-offs faced by society in other policy areas. Most state governments, for example, are deeply committed to economic development/economic revitalization and are competing to create successful models to attract new industry and retain existing industry. These same states are also investing in incentive packages to attract manufacturing and service-oriented industries. But, what about the environmental effects? How much are we willing to limit development for the sake of the environment?

IGPA can play an important role in the development of the environmental research agenda by: (a) conducting policy research that focuses on acid rain, global warming, and other atmospheric issues; (b) evaluating programs and mechanisms designed to address key environmental problems; and (c) serving as an "honest broker" who can assemble the competing stakeholders to discuss potential environmental problems.

In this effort, we hope to work with federal and state agencies and with other universities to develop an environmental research agenda designed to address our critical societal problems.

AMERITECH PROJECT

Brian J. L. Berry, the second Ameritech Distinguished Visiting Fellow, will be on the UIC campus on March 9-10 and on the UIUC campus on March 13-15. He will give two presentations during each visit: a public lecture, "Venturing to Develop: Forces That Promote Economic Transformation," and a more technical lecture, "Noisy Channels: Are The Developmental Signals Long Wave?"

Professor Berry is Founders Professor and Professor of Political Economy at the University of Texas at Dallas. Born in England in 1934, he received his B.Sc. degree in Economics at University College, London, in 1955. With a Fulbright Scholarship he traveled to the U.S. for graduate work at the University of Washington, Seattle, receiving his M.S. in Geography in 1956 and the Ph.D. degree in 1958. In 1958 he opted to pursue his career in North America and became assistant professor at the University of Chicago. He moved to Harvard in 1976 where he became the Williams Professor of City and Regional Planning, Chairman of the Ph.D. Program in Urban Planning, Director of the Laboratory for Computer Graphics and Spatial Analysis, Professor in the Department of Sociology, and Faculty Fellow of the Harvard Institute for International Development. Harvard awarded him an honorary A.M. in 1976. Leaving Harvard in 1981, he became Dean of the School of Urban and Public Affairs and University Professor of Urban Studies and Public Policy at Carnegie-Mellon, positions that he held until moving to Texas in 1986. Dr. Berry received the Association of American Geographers' Meritorious Contributions Award in 1968. In 1974 he was elected a Fellow of the Urban Land Institute, in 1975 a member of the National Academy of

Sciences, in 1976 a Fellow of the American Academy of Arts and Sciences and a founding member of the American Institute of Certified Planners. In 1978-9 he was President of the Association of American Geographers, in 1983 he was elected a Fellow of the University College, London, and in 1987 he was elected a Fellow of the American Association for the Advancement of Science and was awarded the James R. Anderson Medal of Honor by the Association of American Geographers. In 1988 he received the Victoria Medal from the Royal Geographical Society. He is author of more than 300 books, articles and other professional publications. One of the prime movers in geography's "Quantitative Revolution" early in his career, he has been concerned throughout his career with bridging theory and practice, and he has practiced what he preached in both advanced and developing countries. He is currently Editor-in-Chief of Urban Geography and a member of the Editorial Board of several journals, including the Journal of Urban Economics, the Journal of Regional Science, Regional Studies, Growth and Change, and the Journal of Geography. For the last twenty-five years, since the early 1960s, he has been the world's most frequently cited geographer, according to the Social Science Citation Index.

Research Fellow Awards. In February another round of Ameritech Research Fellow awards were made. The recipients and the titles of their projects were as follows:

- Barry Chiswick (Economics, UIC), "An Analysis of Illegal Aliens and the Impact of the Immigration Reform and Control Act of 1986 on Local Area Economic Development"
- Jeffrey Cohen (Political Science, UIUC), "State Regulation and Divestiture of AT&T" (renewal)

--Glenn Fong (Political Science, UIC), "The Political Economy of Collaborative Research: America Responds to Inter-National Competition in High Technology"

--Pablo Spiller (Economics, UIUC), "Competition in the Deregulated Airline Industry" (renewal)

SALLY RIDE AT UIUC

Former astronaut Sally Kristen Ride visited the Urbana-Champaign campus February 16-17 under the auspices of the Program in Arms Control, Disarmament, and International Security. Ms. Ride, who received both a B.A. in English and a B.S. in Physics from Stanford in 1973, and a Ph.D. in Physics from Stanford in 1978, has been a science fellow at the Center for International Security and Arms Control at Stanford University since 1987. From 1978 until 1987 she was with NASA, during which time she participated in two space flights, one that was launched in June 1983 and the other in October 1984.

As part of her work at Stanford, Ms. Ride is doing research in the area of science and technology policy and was therefore asked to give a presentation for IGPA faculty and staff. Approximately two dozen invited guests gathered in the Music Room of the Levis Faculty Center on Friday, February 17 for a box lunch and discussion. Following a very brief set of introductory remarks, Ms. Ride and those present engaged in a lively exchange that lasted for almost one and a half hours. The gist of the discussion was that the United States does not have a coherent space policy, with the result that the various labs and agencies involved in space research are all "doing their own thing," frequently at cross purposes or duplicating one another.

ANNUAL REPORT AVAILABLE

Copies of IGPA's annual report for the 1987-88 academic year are now available. If you did not receive a copy and would like to have one, please contact the Urbana office.

EPA CONFERENCE PROCEEDINGS

The edited proceedings of the conference, "Science, Universities and the Environment," organized by IGPA and partially funded by the U.S. Environmental Protection Agency, have been duplicated and bound and are now available from the institute's Urbana office. The two and a half day conference, held December 7-9, 1987, at the Hyatt Regency O'Hare in Chicago, brought together over thirty scientists from major American universities and state and federal agencies to talk about environmental research, especially in the areas of acid rain, biotechnology, solid/hazardous waste, and ecosystems. Copies of the proceedings have been sent to all participants as well as to key people in the new administration in Washington.

Papers in the volume include:

"Science, Universities, and the Environment," by Boyd Keenan and Robert Rich

"University Perspectives," by Ellis Cowling

"EPA-University Relations," by Bernard Goldstein

"Agenda-Building in Major Research Areas," by Roger Minear

"The Acid Rain Experience," by Leonard Weinstein

"The Biotechnology Experience," by David Kingsbury

"Solid/Hazardous Waste," by Frank Bowerman

"Interfacing Ecosystem Science and Environmental Policy," by Barbara Bedford and Simon Levin

"The Importance of Establishing and Supporting Long Term Environmental Research in Universities," by Charles Goldman

"ORD/University and Environmental Science Research," by Vaun Newill

"Improving Collaboration Between EPA and the Universities," by Peter Richerson

WORKING PAPERS

The institute's Working Paper Series, begun in December 1987, provides an outlet for IGPA-sponsored research (although any member of the University of Illinois staff may submit a manuscript for consideration). These papers are fairly technical and are therefore sent out only to a selected list of faculty members at the university, relevant policymakers, and some research libraries. Since the topics covered may nonetheless be of interest to some readers of this newsletter, we present an abstract or summary of each paper as it appears. Since our last issue, three papers have appeared.

Working Paper #7: "Investments in Nursing Education: A Comparative Analysis," by Evelyn L. Lehrer (Economics, UIC), William D. White (Economics, UIC), and Wendy B. Young (College of Nursing, UIC).

Abstract: Using data from the 1986 Biennial Survey of Illinois Registered Nurses, this paper examines wage-experience profiles and the costs of schooling for

nurses with three different types of educational preparations: a two-year associate degree, a three-year diploma degree, and a four-year baccalaureate degree. The relative attractiveness of these educational investments is assessed under various assumptions. Other dimensions of the nursing career--the type of position and the place of employment--are also examined.

From the conclusion: Two major patterns not noted in earlier research have been uncovered in the present analysis. First, the wage premium associated with a baccalaureate degree increases with experience. Second, the wage curves for diploma and associate-degree nurses cross. Diploma RNs earn higher wages during the initial stages of the nursing career; the reverse is true subsequently. Both of these patterns have been found to be consistent with well known human capital concepts. These findings suggest that the labor market does differentiate between RNs by educational preparation, raising questions about the need for separate licensure for baccalaureate nurses on informational grounds. The analysis also raises questions about the view that hospitals use monopsony power to compress wage differentials between baccalaureate nurses and other RNs.

From the perspective of the young student planning a lifetime career of full-time work in nursing, the associate and baccalaureate degrees are of similar attractiveness assuming discount rates between 0.02 and 0.03. Non-pecuniary rewards are probably higher for the baccalaureate program. On monetary grounds, the associate degree is the best choice for individuals anticipating shorter careers.

Working Paper #8: "Suburban Income Inequality: Three Theories and a

Few Facts," by Joseph Persky (Economics, UIC).

From the introduction and conclusion: The income distributions of suburban municipalities are generated by the numerous location decisions of their residents. Economic explanations of suburban patterns have built around two major themes. The first emphasizes the trade-off between access and space. The second focuses on the relation between location and the provision of local public goods. We introduce a third approach to residential choice based on Robert Frank's notion of "local status." Each of these perspectives has implications for suburban income distributions. The purpose of this paper is to draw out these implications and to test them informally using data from the Chicago metropolitan area. Our conclusion is that the basic journey-to-work model of residential location provides little insight into the observed patterns. A fundamental prediction of that theory, the association of heterogeneity and employment concentrations is not supported by the evidence. Similarly, the Tiebout model with its emphasis on income and taste homogeneity seems to misstate the central concerns of suburban residents. Although communities may attempt to discourage very low income families, there is considerable income mixing in the suburbs. Moreover, there is mixing between young and old and between families with and without children. These observations encouraged us to explore new ground in our analysis of suburban income inequality.

According to Robert Frank, richer residents with a taste for status bribe poorer residents to provide this good by residing in their communities. This theory of local

status can be integrated into neo-classical choice theory. Like the latter, it emphasizes the utility maximizing economic actor. Neo-classical notions of equilibrium can be extended to include local status in a straightforward manner. On the other hand, the value of residential status as measured by our estimates of redistribution through local property taxes seems low when compared to the value of status at work as measured by Frank. One explanation for this difference may be that in a residential context relatively low status is less disturbing than in the hierarchical world of work. Alternatively, it may be that richer families are making important non-monetary transfers to their suburban neighbors. For example, poorer families may benefit from sending their children to school with the children of their wealthier neighbors. As suggested above poorer families also benefit from enhanced global status associated with their location. And in both cases benefits to lower income residents are likely to generate real costs to higher income families. It is very probable that these externalities represent a considerably larger transfer than the direct tax subsidy. An obvious next step would be to attempt to measure the value of these types of redistribution in an effort to estimate a "full-price" of status.

Working Paper #9: "On Confusing Caution and Greed: A Political Explanation of the Flypaper Effect," by James W. Fossett (IGPA).

From the introduction and conclusions: The success of the Reagan Administration in reversing the major expansion of the 1970s in federal grants to state and local governments suggests the need to reconsider how these governments respond to lump sum or unrestricted

grants such as general revenue sharing or "block grants," which accounted both for much of the buildup in grant spending over the 1970s and its subsequent decline. Early predictions of the expenditure impact of these grants argued that since these programs represented an addition to community income, the bulk of which is spent in the private sector, they would have the same effect on local expenditures as a federal tax cut or increase in community income of comparable size and generally serve as a "veil" for local tax cuts.

These predictions were not born out by empirical examination. A variety of research in a variety of institutional settings indicated that non-matching grants appear to stimulate local expenditures at a rate between five and ten times that of a federal tax cut or increase in community income of comparable size. This tendency for grants to "stick where they hit" rather than being passed on to local taxpayers has been labelled the flypaper effect.

Recent developments suggest the need for a reconsideration of the theoretical basis for the flypaper effect. Local officials may have responded to the buildup in unrestricted grants over the 1970s by "spending" more than would have been the case had their communities become wealthier by \$20 billion, but the loss of these funds does not appear to have produced a comparable decline in local spending or any other dramatic rearranging of local finances. This paper presents such a theoretical reconsideration.

There is a great deal of evidence that, except in a limited number of financially hard-pressed cities such as Detroit, New York and Cleveland, mayors and finance directors reacted to the political and financial uncertainty surrounding CETA, CDBG,

general revenue sharing, and other unrestricted programs by subcontracting or otherwise segregating the operation of these programs from locally supported activities and using these funds to support activities that created minimal claims on future local budgets.

The pattern of local spending that these risk averting strategies produced closely resembles the "flypaper effect" observed in numerous studies of grant impact over this period. It would also appear that uncertainty and instability of program form and funding have become more or less permanent political features of American urban policy. The limited and divided constituency support for major urban programs, together with their political vulnerability to subsequent presidential initiatives and congressional desires to maintain funding for programs with broader and more unified constituents seem likely to assure that such initiatives will continue to be small in scope, unpredictable in funding, and uncertain in duration.

FACULTY AND STAFF ACTIVITIES

HARRY CAMPBELL and others have been developing a modeling capacity to evaluate the effects of "value-added" activities on the Illinois economy. An Input-Output model is being developed as a primary method for assessment. In February and March he will attend a series of workshops in Kansas City, Mo. and St. Paul, Mn. conducted by the U.S. Forestry Service on extending Input-Output models to full set Social Accounting models. The development of social accounting methods at IGPA will provide for in-depth analysis of policies relating to economic development and the attraction of

new industry, efficient capital investment strategies, and eventually labor market analysis at the state and regional levels. In addition, as part of his continuing work on county government, Campbell is working on a paper tentatively titled "Fiscal Stress and Policy Making in Illinois County Government."

SAMUEL K. GOVE is serving on an eight-member advisory committee for a joint Illinois Issues-Illinois State Board of Education project to produce a concise text on Illinois state and local government for social studies students in grades 7-10. Chair of the committee is Jim Banovetz of Northern Illinois University. The content baseline for the textbook will be the recently issued "State Goals for Learning in the Social Sciences."

GILL-CHIN LIM, professor of Urban and Regional Planning, has returned from his sabbatical leave in China and Korea, where he edited a book on "Korean Development" and co-authored a book on "Foreign Investment in China." As chairman of the Consortium on Development Studies, he also organized an International Seminar on Negotiation for Senior Decision-makers jointly with the Program on Negotiation, Harvard Law School and Inha University. He is now organizing the Third International Conference on Development in Rapidly Changing Societies, to be held in Washington, D.C., June 2-3, 1989. Anyone interested in the conference should contact Professor Wook Chang, Conference Coordinator, Institute for Urban Studies, University of Maryland, College Park, MD 29742.

DAVID LINOWES was the featured speaker at the Noon Forum of the Cosmos Club in Washington, D.C. on

Tuesday, December 13, 1988. His speech, entitled Privatization for More Effective Government, outlined publicly for the first time how the Bush Administration can use privatization as an effective tool in its newly announced economic policy, the "Flexible Freeze." Immediately following this meeting he flew to Paris, France, where he represented the United States at an international conference called by France and chaired by Mr. Edouard Balladur, the former French Minister of Finance. Professor Linowes spoke on "The Future of Privatization in the United States of America."

The University of Illinois Press, the University Office of Public Affairs, and IGPA are jointly working on plans for Professor Linowes to hold a press conference in Washington some time in April to announce the publication of his book on Privacy in America. Of special note is a chapter on the results of a survey conducted in 1987 to determine the extent to which the largest corporations in this country have policies safeguarding the personal information they collect and maintain about their employees and applicants for employment.

JOHN F. McDONALD has been appointed to the editorial board of the Journal of Urban Economics, which is edited by Edwin Mills of Northwestern; it is generally regarded as the leading journal in the field.

ANNA MERRITT attended a two-day conference, called Workforce 2000, sponsored by Allstate for leaders in the corporate world to discuss ways in which industry can become a part of the educational reform movement. Participants in the conference spent most of the second day in small groups drawing up specific plans for activities that could be undertaken.

CAROL MOCK has been working with a committee of the National Academy of Sciences on the Use of Volunteers in the Schools. Their final meeting will be in April and the report--which is for Congress and the U.S. Department of Education--will be released in June or September. The topic is becoming of great interest now that Congress and several states are considering legislation that would tie college student aid to some form of volunteer service. As part of the study, Prof. Mock made site visits to schools and school volunteer programs in two large urban school districts: Chicago and Washington, D.C. In both places volunteer programs are used to help tap local resources and build political support. In both districts "resource dependence" is transforming the school administrator's role from educator to something more closely resembling a small college administrator: principals now write grants, solicit funds and other help from corporations, and badger their alumni.

PETER NARDULLI has been named chairman of a committee to review the UIUC Coordinated Science Lab (CSL) and chair of the search committee for a new head of the Dept. of Sociology. He has also been invited to present a colloquium at the University of Missouri at St. Louis in early April on his book, The Tenor of Justice.

PAUL QUIRK has completed a chapter, titled "The Election," for a volume on The Elections of 1988 that is being edited by Michael Nelson and will be published in March by CQ Press. The chapter describes the strategies, events, and results of the recent presidential campaign, and it assesses the conduct of the campaign from the standpoint of the requirements for effective, responsible democratic government. It argues that the campaign left

much to be desired from that standpoint, but that contrary to most of the critical commentary, the main defect was not the unusual predominance of negative appeals, but rather an impoverished policy debate that has been characteristic of recent presidential campaigns. The chapter concludes by recommending a national discussion of possible means to improve the quality of presidential campaign discourse.

Prof. Quirk has also written an article, "Toward a Theory of the Cooperative Resolution of Policy Conflict," which will be published in December in the American Political Science Review. The article develops an approach for analyzing the conditions for cooperative resolution of policy conflict. It proposes to analyze policy conflicts, in many cases, as bargaining situations (with opportunity for cooperation and joint gain) among opposing issue factions. As a framework for analysis, he presents an informal game-theoretic interpretation of nonzero-sum policy conflict. With that foundation, he derives implications about the conditions for cooperative outcomes with respect to several aspects of the policy process: issue content, the structure of conflict, leadership, party politics, and political institutions.

BOB RICH and NOREEN SUGRUE have written a paper entitled "Technology, Social Policy, and Social Change," which will appear as a chapter in a book on public policy and medical technology, edited by R. Miller and H. Brehm.

NOREEN SUGRUE will present a methods paper on "The Social and Economic Impact of AIDS on Families" at the Midwest Sociology Assn. meeting in April in St. Louis.

SENIOR EXECUTIVE PROGRAM

The Senior Executive Program, sponsored jointly by the Illinois Institute for Training and Development and IGPA in cooperation with the state of Illinois, will hold its second seminar for senior managers in Illinois government March 27-30 at the new Beckman Center on the UIUC campus. The seminar, which is being organized by Project Administrator Noreen Sugrue, is designed for top policymakers in state agencies. These people are faced with a wide range of complex issues that require decisions which have long-term consequences for state employees, government officials, and the citizens of Illinois. Topics to be covered during this week-long seminar include the legal liabilities attached to public sector management decisions, how to increase productivity and meet ever-increasing demands in the face of constricting resources, and how to build and lead a team in the public sector. Each session features a national expert who will work with participants during the five 3 1/2 to 4-hour sessions.

Presenters for the sessions will be Marc Holzer (John Jay College, City University of New York), Nancy Z. Dering (president of a consulting firm with offices in Harrisburg, Penn. and Washington, D.C.), Frederick Winter (head of the Dept. of Business Administration at UIUC), David Lewin (director of the Industrial Relations Research Center at the Columbia University Graduate School of Business), and Steven Adelman (a lawyer with Keck, Mahin & Cate). Certificates will be presented at the end of the seminar by University of Illinois President Stanley O. Ikenberry and Michael Tristano, director of the Illinois Dept. of Central Management Services.

CONGRESSIONAL SEMINAR

IGPA and the Washington-based Institute for Illinois will hold the third in a series of seminars they have jointly organized for the Illinois Congressional delegation on March 20 in the capitol. The all-day meeting will focus on four policy issues, with three or four panelists discussing a specific aspect of each issue and pointing out some of the implications for various policy options. The program includes a luncheon during which Juan Andrade, Jr., will discuss "The 1990 Census and the Future of Illinois." Mr. Andrade is director of the Midwest Northeast Voter Registration Education Project in Chicago.

The day will begin with brief introductory remarks by Egils Milbergs, president of IFI, and IGPA Director Robert Rich. Panelists for the first issue, HEALTH CARE, include: Richard Arnould (UIUC), Laurie Cammissa (Office of Rep. Rostenkowski), Steven Scheer (Ill. Hospital Assn.), and Shirley Randolph (Ill. Dept. of Public Health). The three speakers on TRANSPORTATION ISSUES will be David Boyce (UIC), Anthony Pagano (UIC), and Jerry Cance (Chicago Dept. of Aviation). ENVIRONMENTAL ISSUES AND WASTE DISPOSAL will be covered by four panelists: Clark Bullard (UIUC), Kenneth Kunkel (UIUC), Boyd Keenan (UIC), and Robert Viets (CILCORP). SOCIAL POLICY ISSUES will be discussed by: Linda Miller (Parents Too Soon), Charles Orlebeke (UIC), and David Pearson (UIUC).

The day will end with a reception held in the capitol. Staffers of the Illinois Congressional delegation who indicate an interest in attending the seminar will receive a notebook prior to the meeting, which contains material provided by the panelists.

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IGPA Newsletter

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UNIVERSITY OF ILLINOIS
URBANA-CHAMPAIGN

June 1989

Vol. 3

No. 1

Institute of Government & Public Affairs, University of Illinois
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DIRECTOR'S STATEMENT

by Robert F. Rich

In the last newsletter I wrote about IGPA's potential contribution to the development of a national agenda. Health care policy is an area where we feel we can make a contribution. In particular, we feel that it is important to focus on the problems of access to care for the medically indigent.

In 1986, 37 million Americans (or 17% of the population under 65) were uninsured. While there is some disagreement among experts on this figure, there is no disagreement that the number is steadily growing and that people who are uninsured come from white collar and blue collar backgrounds. Moreover, certain types of industries have a higher percentage of working adults who are uninsured than others; agriculture, construction, entertainment, and "personal services" (e.g., painting, housecleaning) each have approximately 30% of working adults who are uninsured; this represents nearly twice the figure for the population as a whole. The industries with the lowest percentage of working adults who are uninsured include: government, the military, financial services, insurance, and mining.

In this country health care benefits are closely tied to employment. Employers are generally expected to provide health insurance for

full-time employees and for many part-time employees. Private insurance covers 74.5% of the U.S. population between the ages of 18 and 65; most of this (64.3%) is obtained from employers or unions.

From a public policy perspective, one also needs to consider the problems of the underinsured. In 1985, 17.7% of the poor or near poor were underinsured; only 4.3% of the population with above average incomes were in this category. Young adults between the ages of 19 and 24 often do not have coverage; 31.7% of this group is not covered for all or part of the year.

The public policy solutions to the problems of the uninsured and the underinsured may change the health care system in the 1990s in the same way that medicare and medicaid changed the health care system in the 1960s. The assumption of the authors of the medicaid legislation was that people would only need short-term coverage while they were seeking employment; the new employer would then provide them with regular benefits.

However, the structurally unemployed and the "underclass" need long-term coverage. This need has, once again, caused public policymakers to focus on the possibility of adopting some form of national health insurance. Other options include: mandating business (even the smaller firms) to provide health care coverage; state coverage

through a pool financed by hospitals, insurance companies, and government. The contributions from each of these groups would be used to provide coverage for those who need it; and to expand the use of public hospitals and clinics.

The growing number of uninsured and underinsured individuals has caused a major crisis in the health care system. We need to understand more about the nature of the crisis, its causes, and the costs and benefits of potential solutions. IGPA can play an important analytic role in this endeavor.

ADVISORY COMMITTEE

In accordance with the institute's by-laws, IGPA faculty members voted in early June for the 1989-90 internal advisory committee. Those elected were:

Fred Giertz
Carol Mock
Peter Nardulli
Paul Quirk
Tom Ulen

CRIHFELD JOINS FACULTY

John B. Carihfield, an assistant professor of Economics and adjunct professor in the Babcock Graduate School of Management at Wake Forest University, will join the IGPA staff in the coming academic year as an assistant professor with a joint appointment in the Dept. of Agricultural Economics. He is currently on leave as a visiting assistant professor in the Dept. of Economics at the University of North Carolina at Chapel Hill. He received his B.A. in 1976 from Reed College, his M.A. in Public Policy Studies from the University of Chicago in 1983, and his Ph.D. in Economics from the University of Chicago in 1986. His areas of

specialization include microeconomic theory and applied economic theory (with a current emphasis on labor economics, monetary economics, public finance, public policy, and regional and urban economic analysis).

FACULTY & STAFF ACTIVITIES

DAVID CHICOINE was one of three UIUC College of Agriculture faculty members to receive the Paul A. Funk Recognition Award, the college's highest professional honor. Each of the 1989 winners received a certificate of recognition, a personal award of \$2,000, and a \$1,000 recurring annual salary increment. In addition, \$1,000 was presented to the individual's academic department.

CHICOINE, along with coauthors Steven Deller of the University of Maine and Norman Walzer from Western Illinois University, also published an article, "The Size Efficiency of Rural Governments: The Case of Low-Volume Rural Roads," in PUBLIUS (Winter 1989, pp. 127-38).

ANN BARRY FLOOD will finish her year's leave as a Robert Wood Johnson Health Policy Fellow in Congress this summer. As a professional health staff member at the U. S. Senate Finance Committee, she has focused on two major policy issues: physician payment reform for Medicare and the ethical-legal ramifications of physicians who refer patients to health services in which they have ownership.

Next fall FLOOD will take a sabbatical leave to work in England with Klim McPherson at Oxford University. They will be using Oxford's epidemiological data to examine quality of care in English hospitals and (compare them to the U.S.).

In addition, with coinvestigators BOB RICH, DICK ARNOULD, and Dick Warnecke, FLOOD was awarded a \$256,000 grant from the National Center for Health Services Research to study the impact of a change in a financial incentive system for physicians in a large group practice. Services delivered to both prepaid and fee-for-service patients will be compared in this two year study.

JIM FOSSETT has accepted a position in public administration in the Rockefeller College of Public Affairs and Policy at SUNY-Albany. He and his wife, Janet, will move to Albany, New York, in late July.

J. FRED GIERTZ presented a report on student tuition and fees at the University of Arizona to a state legislative committee in early May. The committee is studying Arizona's state budget and taxes, and is expected to present its recommendations in the fall.

SAM GOVE officially retired from the university at the end of the spring 1989 semester. IGPA and the Dept. of Political Science co-hosted a dinner for him on April 26 at the Krannert Center for the Performing Arts. Professor GOVE will maintain an office at IGPA, where he plans to continue working on a book about Illinois politics. In the fall he will travel to Australia on a tour he has wanted to take for many years.

JOHN HAMMAN, a graduate research assistant at IGPA for the past several years, has accepted a position with Southern Illinois University for the fall.

BOYD KEENAN and BOB RICH have prepared a position paper, "Environmental Research and Public Policy: Agenda Setting for the 1990s," that reflects some of the

discussions that took place during the December 1987 symposium, "Science, Universities, and the Environment." It is available from the IGPA Urbana office.

GILL-CHIN LIM participated in the "Institute on Comparative Constitutionalism in Asia" on February 23-27 in Chiang Mai, Thailand.

LIM was a member of the Urban Economic Development Policy Group responsible for part of a report from the Division of Urban Affairs of NASULGC, "America's People: An Imperiled Resource / National Urban Policy Issues for a New Federal Administration."

LIM was also one of 74 faculty members on the UIUC campus to receive an "Apple Seedling" grant, a program designed to encourage new educational software or new applications for existing software. His winning project, coauthored with UIUC Prof. Lew Hopkins, involves problem solving through simulated urban planning situations.

DAVID LINOWES' book Privacy in America, which was published this spring by the University of Illinois Press, was the subject of a press conference held at the National Press Club in Washington, D.C. on April 18, 1989. Major media attention has been focused on Chapter 4 of the book, which presents the findings from a comprehensive survey conducted by the UIUC Survey Research Lab to determine the extent to which the largest industrial corporations in America have policies that safeguard the personal information they collect and maintain about their employees, former employees, and applicants for employment. Copies of the survey report are available from IGPA's Urbana office.

PETER F. NARDULLI'S edited volume, Diversity, Conflict, and State Politics: Regionalism in Illinois, has been published by the University of Illinois Press. The book is part of a larger project that also involved a three-day conference, "Illinois: A House Divided?" (generally referred to as the regionalism conference), which was sponsored by IGPA in December 1987. Among the authors of the eleven essays in this collection are IGPA faculty members JIM FOSSETT and FRED GIERTZ, as well as adjunct member JOHN McDONALD.

NARDULLI also was invited to present a lecture on "Routinization and Justice" at the University of Missouri at St. Louis; organized a special Political Science Theme Panel at the 25th anniversary meeting of the Law and Society Association; and was inducted into the Phi Kappa Phi Honorary Society and presented the keynote address at the induction ceremony.

PAUL QUIRK gave a paper on "Presidency Research: Progress and Prospects" (see excerpt elsewhere in this issue of the newsletter) at the Midwest Political Science Association annual meeting, which was held in April in Chicago. The paper was the focus of the "theme panel" on the presidency. A revised version of the paper will be included with a number of the other theme papers in a volume, tentatively titled Political Science: Looking to the Future, to be edited by MWPSA President William Crotty and published in 1990 by Northwestern University Press.

BOB RICH was listed as one of the twenty-five persons most frequently cited from among those who received their Ph.D.s in political science in 1975-79. The list appears in an article entitled "The Political Science 400: Citations by Ph.D.

Cohort and by Ph.D.-Granting Institution," published in PS: Political Science & Politics (June 1989, pp. 258-270).

BOB RICH and NOREEN SUGRUE presented an invited paper, "Technology and Policy Analysis," at a conference on the mutual relevance of science policy and science studies that was held May 11-14 at Virginia Polytechnical Institute and State University.

ELLEN RIGGLE, a graduate research assistant at IGPA for the past several years, has accepted a position at the University of Kentucky and will be teaching courses in the areas of political psychology, methodology, and judicial behavior.

ROB SAMPSON is co-principal investigator on a project entitled "Criminal Careers and Crime Control: A Matched-Sample Longitudinal Research Design." The project is funded by the National Institute of Justice.

SAMPSON also gave an invited presentation, "Structural Variations in Juvenile Justice Processing," to the Law and Society Colloquium series at the University of Toronto in April, as well as an invited presentation, "Conceptual Issues in Criminal Justice Research," at the 20th Anniversary Conference on The Idea of Criminal Justice sponsored by the School of Criminal Justice at SUNY/Albany.

TOM ULEN returned in late May from a three-month stay at Fudan University in Shanghai, China, where he delivered a series of lectures and conducted a seminar for specially selected graduate students.

JAMES G. WARD has been named an adjunct associate professor in IGPA

for the 1989-90 academic year. WARD is an associate professor in the Dept. of Administration, Higher, and Continuing Education and director of the Office for Education Policy and Leadership in the UIUC College of Education.

MARK WOO, graduate research assistant in the IGPA Chicago office, has completed his MPA degree and will move this summer to the San Francisco area; he has accepted a position with the city of Oakland.

PERLOFF GIVEN AWARD

Robert Perloff, chairman of IGPA's National Advisory Committee, has been awarded the rank of distinguished service professor of business administration by the University of Pittsburgh. In a memo to the faculty of the Graduate School of Business, Dean H. J. Zoffer wrote: "This special distinction, which recognizes those members of the University's faculty who have not only been outstanding in their academic performance but who have given unusual service either to the University or to the profession which they represent, is irregularly awarded, and prior to this time has never been offered to a member of the Business School faculty."

SPEAKER SERIES

Thomas Patterson, professor of political science at Syracuse University and a nationally respected specialist in the role of the media in politics, spoke at the Chicago campus on April 25 on "Improving Presidential Campaigns." Patterson, who is the author of The Unseeing Eye and The Mass Media Election, discussed the prospects for reforming presidential campaigns to provide better information to the

public. Among other options, he discussed the possibility of designing presidential debates to draw less attention to superficial matters of debate performance, and more attention to substantive policy issues.

RESEARCH ON THE PRESIDENCY

by Paul J. Quirk

[Editor's note: The following excerpts are taken from the introduction and conclusion of Professor Quirk's paper, which was presented at the 1989 annual meeting of the Midwest Political Science Association on April in Chicago.]

With seeming regularity, one hears two questions asked about presidents: What did he know? When did he know it? The answers, unfortunately, aren't always edifying. In this paper I will ask similar questions about research on the presidency: What do we know? And how do we know it? In this case, more than in the past, the answers turn out to be rather encouraging. For reasons that have been well described elsewhere, the literature on the presidency has not matched, in volume or quality, the importance of the institution. But it recently has been making strides on both counts, and this is a good time to take a fresh look.

To make that task less formidable, I have adopted certain expedients. I concentrate on a handful of research issues that I argue represent the core topics of the presidency field. They are identified by their significance for the president's role in the formation of public policy. For each of these issues, I consider only a handful of recent works that, in my view, are especially noteworthy or at least representative. Thus I provide

neither a comprehensive review of the literature nor an account of its development. Rather, I attempt a commentary on the current state-of-the-art, and prospects for further progress, in several central areas of presidency research.

In each area, I attempt to assess the degree to which important understanding has been gained. To what extent, for example, has research or theorizing by political scientists produced knowledge superior to that of sophisticated lay observers of the presidency? I also try to identify the circumstances and, in some cases, mistakes or omissions that have inhibited progress and to suggest promising avenues for further research. In discussing the various areas of research serially, I offer few judgments about the presidency field as a whole. That procedure is intentional. In fact, I will argue below that the presidency isn't really a single field.

Nevertheless, I broaden the focus at the end of the paper. In the next-to-last section, I argue that presidency research has been limited by the emphasis, predominant in the discipline at large, on the zero-sum aspects of policy conflict and thus on issues of relative power. There is important, largely unexplored territory concerning the president's impact on the deliberative and cooperative dimensions of policy choice. In the last section, I offer some concluding reflections that pertain, in large part, to dealing with the diversity of presidency research.

The Prescriptions and a Prognosis

I will conclude by offering three prescriptions and a prognosis. The first prescription is that students of the presidency should acknowledge

and learn to live with the fundamental diversity of the field. Some reviews of the presidency literature have speculated about whether the field might someday achieve coherence through the development of a general theory of the presidency. Of course it will not. If one reflects on the variety of research issues currently addressed in the field, it is hard to understand what that could even mean. In fact, as the research develops, it becomes more and more dubious to think about the presidency as a single field--at least in the sense of a distinct and independent focus of specialization. The field's theoretical development almost surely would be better served if its researchers considered themselves first students of leadership, decision making, public opinion, administrative behavior, Congress, political development, and so on--the fields where the relevant theories and methods come from--and only secondly students of the presidency. In regard to theory a specialist in the presidency is a dilettante.

A second prescription is that theory, whatever its subject, should seek a general comprehension of the behavior it seeks to explain. Some areas of presidency research have been overly confined to practical issues--such as how the president should organize the White House, or how he should seek to control the administrative process. Adopting such a practical focus restricts attention to a narrow range of factors that the president can manipulate. Broader theoretical inquiries--which instead would address, for example, presidential use of information or bureaucratic compliance with presidential policies--would certainly produce better social science. In the long run, by putting the manipulable factors in context, such inquiries

might improve the field's capacity to give practical advice.

Relatedly, there is a need to use more comprehensive criteria in evaluating presidential success. A definition of success is often implicit in presidency research: for example, in discussion of whether Eisenhower's "hidden hand" leadership worked and whether Reagan's loyalist appointees served him well. The tendency is to choose a least-common-denominator criterion--reelection, popularity, or the sheer amount of policy change--in the apparent belief that this avoids imposing the analyst's values. As James Ceaser points out in his study, "The Reagan Presidency and American Public Opinion," presidents usually have complex objectives. In particular, in addition to the lowest-common-denominator goals, they want their beliefs to be adopted; they want the policies they put in place to be accepted and thus to last; and they want to feel they have helped solve the problems of the country.

Finally, I want to prescribe (as if it were so simple) methodological innovation. In several areas, like presidential use of information, the effects of legislative skill, and control of administration, there is a need for relatively subtle data on relatively large numbers of cases. Methodology in presidential research is too much divided into two clear-cut categories: hard and soft. Laurence Lynn's casual comparison of six Reagan appointees and Hugh Heclo's study of methods of leadership for political executives are examples of the manner in which experts or participants, subject to a loss of some reliability, can fairly cheaply provide subtle data on a multitude of events. Some areas of research cannot progress in the absence of such data.

In the end, a rather favorable prognosis is in order. In almost every area touched upon, I have been able to describe major research projects--often with improved methods or more thorough research than previous studies--and to report findings that have improved our understanding of the presidency. No longer are students of the presidency, as Anthony King once complained, merely taking in each other's laundry. It may not be premature to pronounce the presidency field, though not the strongest in the discipline, at least one that is in good health.

AMERITECH LECTURE SERIES

During the spring 1989 term the Ameritech Fellowship Program at the University of Illinois, in cooperation with the Illinois Seminar on the Political Economy of Institutions, sponsored a series of lectures by distinguished scholars on the theory of regulation and regulatory institutions. The series was designated the Ameritech Lecture Series on Regulation and was funded by a grant from the Ameritech Foundation. It was organized and coordinated by Pablo Spiller, McKinley Professor of Economic and Public Utilities at the University of Illinois at Urbana-Champaign.

The lectures presented in the series were:

- Scott Masten, Univ. of Michigan:
"Prices and Process in Long-Term Contracts"
- Tracy Lewis, Univ. of California at Davis: "Oversight of Long-Term Investment by Short Lived Regulators"
- Rodney Smith, Claremont McKenna College: "The Regulation of Product Liability"
- Randy Calvert, Univ. of Rochester:
"Coordination Games with Incomplete Information"

- Jeffrey Cohen, UIUC: "State Regulation and the Divestiture of AT&T"
- Gary Libecap, Univ. of Arizona: "The Demand for Regulation: The Meat Inspection Act of 1906"
- Douglas North, Washington University: "A Transaction Costs Theory of Institutions"
- Pablo Spiller, UIUC: "Competition in the Deregulated Airline Industry"
- Moe Fiorina, Harvard University: "A Rational Choice Theory of Divided Government"

A special lecture cosponsored with the David Kinley Lecture Committee of the UIUC Dept. of Economics was presented on April 13, 1989, by Professor Lawrence Summers, Nathaniel Ropes Professor of Political Economy at Harvard University. Professor Summers, who also gave a Dept. of Economics seminar on April 14, is a recognized authority on macroeconomics and the economics of taxation. He has distinguished himself as an author, as a consultant to several U.S. government departments as well as several foreign governments and a number of U.S. corporations, and as the editor of the Quarterly Journal of Economics. In his public lecture, "The American Competitiveness Problem," Professor Summers dealt with various factors that have contributed to the relative decline in U.S. competitiveness. After discussing the issue in general, he focused on the low rate of saving as a causal factor and presented reasons for this decline. He also offered several options for addressing the problem, emphasizing various ways of reducing the federal deficit using what he called pro-competitive measures.

UPWARD MOBILITY PROGRAM

During their recently completed contract negotiations, the state of Illinois and the American Federation of State, County, and Municipal Employees (AFSCME) agreed to a 3-year upward mobility program for state employees. IGPA will design, administer, and evaluate the program, which is scheduled to begin on July 1, 1989. The project will be directed by Robert F. Rich and Robert Bender, associate vice president for academic affairs at UIUC.

SENIOR EXECUTIVE PROGRAM

The Beckman Institute was the site of the spring 1989 Senior Executive Program for state officials. The program featured speakers from around the country. Topics covered included state and labor relations, productivity in the private sector, and marketing strategies for state officials. The 3-1/2 day program started with a dinner and keynote address. The keynote address was given by David Paulus, Senior Vice President of the First National Bank of Chicago. Mr. Paulus was introduced by Robert Resek, vice president for academic affairs at the University of Illinois. The program ended with a luncheon. At that luncheon President Stanley O. Ikenberry presented seminar participants with a certificate of completion. Also speaking at the luncheon was Michael E. Tristano, director of the Illinois Department of Central Management Services.

The next Senior Executive Program will be held during the week of October 16, 1989, at the UIUC Levis Center.

CONGRESSIONAL SEMINAR

On March 20 IGPA and the Washington-based Institute for Illinois held their third spring seminar for the Illinois congressional delegation and their staffers. The all-day meeting focused on four policy issues: health care, transportation, the environment and waste disposal, and social policy (which included teen pregnancies, housing and the homeless, and literacy and education issues).

A luncheon address was delivered by Juan Andrade, Jr., director of the Midwest Northeast Voter Registration Education Project in Chicago. Mr. Andrade spoke about "The 1990 Census and the Future of Illinois." He pointed out that the 1990 census is likely to show only a slight increase in this state's population (from 11.4 million to 11.6 million). Since the fundamental purpose of the census is to determine the allocation of funds and the allocation of power, this population figure will result in the loss of two congressional seats (Illinois lost three seats after the 1980 census), which will lead to a reapportionment of the state legislature as well. An interesting question is whether one of the congressional seats will be held in the future by an Hispanic; the state has 1 million Hispanics, but no Hispanics in the congressional delegation. This smaller delegation to Congress will make it more difficult to get things from the federal government; the fact that so many federal programs are funded on the basis of population figures further exacerbates the situation.

The day ended with a reception held in the capitol. The reception was co-hosted by the University of Illinois Foundation, many of whose Washington members were at the reception and also attended the

panel discussions. Arrangements for their participation were made by Jeanne Van Kirk, who is with the Chicago office of the UI Foundation.

NATIONAL ADVISORY COMMITTEE

The institute's National Advisory Committee met on June 8-9 in Chicago. The meeting began with a dinner at the Palmer House on the evening of the 8th; the after-dinner speaker was UIC Chancellor Donald Langenberg, who is incoming president of the American Association for the Advancement of Science. He talked about global warming and science policy, and expressed a "sense of growing urgency" about such issues as the destruction of the Amazonian forest, the greenhouse effect, and acid rain.

The all-day meeting on the 9th began with the director's report, during which Bob Rich spoke about the policy conference that is scheduled for April 19-20, 1990, and described specific activities in each of the institute's five programmatic areas: fiscal and regional development, health, science and technology, law and public policy, and governmental institutions and processes. Committee members then focused their discussion on a master plan for IGPA. During the afternoon committee members turned their attention to a review and evaluation of institute publications-- past, present, and future.

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SEMIANNUAL NEWSLETTER

Starting in September 1989 the IGPA newsletter will appear only twice a year, one in the fall and again in the spring.

IGPA Newsletter

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Volume 3 Number 2

Fall 1989

DIRECTOR'S STATEMENT

by Robert F. Rich

Early this year the Illinois Department of Central Management Services and the American Federation of State, County, and Municipal Employees (AFSCME)—representing over 40,000 government workers—reached an historic agreement. It took effect on July 1, 1989, and has become known as the "Upward Mobility Program." The initial two-year agreement was funded at the level of \$6.5 million dollars to "provide counseling, education and training to employees who have been unable to move forward because they lack certain skills."

The Upward Mobility Program is particularly noteworthy because it will allow workers to be promoted on the basis of *merit* rather than *seniority* and because the union agreed to accept a somewhat smaller pay increase in order to fund this program. The program has a set of very important goals:

- enhance career opportunities for current employees;
- improve the overall quality of public service by increasing employee job satisfaction and morale;
- offer state employees greater access to training and educational opportunities;
- assist employees with career choices through counseling; and
- work with the Illinois higher education community to provide educational and training opportunities which will meet the needs of state employees.

IGPA was invited to participate in developing this innovative and exciting program. Since July we have helped design a set of "certificate titles" (e.g., Accountant I, Executive Secretary, Mental Health Supervisor). In addition, we are involved in: *job analysis*, i.e., identifying the key skills and appropriate knowledge base for a specific job; *identifying courses* at universities, junior colleges, and in state agencies which employees can enroll in to obtain the needed skills and level of knowledge; *developing a proficiency exam* which will be used to determine an employee's level of skill and knowledge; and *developing evaluation tools* to monitor how employees and the state benefit after mobility and training has occurred.

In January 1990 state employees will begin to enroll in courses designed to enhance their career development and mobility.

To coordinate the institute's portion of this program, we have been fortunate in hiring Phyllis Rominger. Phyllis has many years of experience in state government and in the areas of job analysis and testing. Because the area of human resource development is on the agenda of most state governments, Illinois has an opportunity to build a model for other states through this program. IGPA is pleased to be able to play a role in the development of this unique program.

FACULTY & STAFF ACTIVITIES

JOHN B. CRIHFELD has joined IGPA as an assistant professor with a joint appointment in the Dept. of Agricultural Economics (UIUC). He comes to the U of I from Wake Forest University where he was in the Dept. of Economics and an adjunct professor in the Babcock Graduate School of Management. During the 1988-89 academic year he was on leave as a visiting assistant professor in the Dept. of City and Regional Planning at the University of North Carolina at Chapel Hill and as a research economist at the N.C. Rural Development Center in Raleigh, N.C. He received his B.A. from Reed College, his M.A. in Public Policy Studies from the University of Chicago in 1983, and his Ph.D. in economics from the University of Chicago in 1986. Among his areas of specialization are microeconomic theory and applied economic theory (with an emphasis on labor economics, monetary economics, public finance, public policy, and regional and urban economic analysis).

During the past summer Professor CRIHFELD—in conjunction with the Center for Regional Economic Issues at Case Western Reserve University—completed an impact study of the proposed Rock 'n Roll Hall of Fame and Museum to be located in Cleveland. He also presented his first findings to the N.C. Rural Economic Development Center regarding shortages and surpluses in North Carolina labor markets, and their policy implications.

SAMUEL K. GOVE, who retired in May, attended his final meetings as a member of the UIUC Athletic Association and the Levis

Faculty Center Board of Directors; he also concluded his term on the UIUC Senate Council. Professor Gove has been appointed to the Federalism Task Force of the National Academy of Public Administration and attended the academy's meeting in San Francisco. He was also appointed chairman of the Audit Committee of the Illinois State Historical Society.

Professor GOVE spent the summer working on "Governing Illinois," a handbook for high school students being developed by *Illinois Issues*. He also worked on his manuscript for a book on "Illinois Politics and Government."

GILL-CHIN LIM (IGPA affiliate member) organized and chaired the "Third International Conference on Planning and Development in Rapidly Changing Societies" on June 2-3 in Washington D.C. Thirty-six papers were presented and approximately 100 persons, representing eleven countries, participated in the meeting. Professor LIM travelled to the USSR in July to work with scholars at the Soviet Academy of Sciences while doing research for his project on "Comparative Studies on Urbanization and Housing in Socialist Countries." On August 7 he organized and chaired a seminar on "Chinese Urbanization and Housing" in Seoul, Korea.

DAVID F. LINOWES (special advisor to IGPA) received the 1989 Alumni Achievement Award at the UIUC commencement exercises in May. In early June he addressed the District of Columbia Institute of Certified Public Accountants' annual awards banquet with a speech entitled "Privatization: Toward More Effective Government." At the banquet he received the institute's 1989 Distinguished Service Award.

Professor LINOWES spent much of his summer doing interviews for his book, *Privacy in America*, which was published in the spring by the U of I Press. In July he and his wife also visited the Soviet Union for two weeks.

PAUL QUIRK has been named acting associate director of IGPA; the position was created to assist the director with the administration and development of the Chicago office and to represent the institute at

functions on that campus and in the Chicago area.

Professor QUIRK has completed his paper, "What Do We Know and How Do We Know It? Research on the Presidency." It will be published in William Crotty and Alan Monroe, eds. *Political Science: Toward the Future* (Northwestern University Press). He also chaired a panel at the annual American Political Science Association meeting on "Business and Government in Western Europe" and is serving on the program committee of the 1990 Midwest Political Science Association annual meeting; he is organizing the section on executives and administrative processes.

ROB SAMPSON (UIUC) gave several presentations during the summer. He talked about "Unemployment and Imbalanced Sex Ratios: Race-Specific Consequences for Family Structure and Crime" at a conference held at UCLA in June. He spoke on "Criminal Careers in Longitudinal Perspective" at the RAND Corporation in July, and in August he presented "Crime and Delinquency in the Life Course" at the annual meeting of the American Sociological Association in San Francisco. In addition, his paper "The Promises and Pitfalls of Macrolevel Research" was published in the June issue of *The Criminologist*.

WILL WHITE, UIC Dept. of Economics, has joined IGPA following a nationwide search for a specialist in the area of health policy research. Professor White twice received research funds as a result of an RFP sent out by the institute; the project for this year was entitled "Professional Regulation, Technological Change and the Division of Labor in Medicine: A Historical Analysis of Radiology, Clinical Pathology and Ultrasound." He is a member of the editorial board of the *Journal of Health Politics, Policy, and Law* and does research in the areas of health economics, labor economics, and economic history.

NEW IGPA AFFILIATES

In addition to its regular faculty and staff, IGPA each year invites a number of faculty members on both campuses to join the institute as affiliate members; (persons who do not have faculty status at the university may be asked to join as "adjunct" members). During the past summer two additional faculty members have become institute affiliates.

RICHARD F. KOSOBUD is professor of economics and associate dean for research development and doctoral studies at UIC's College of Business Administration. His research area is focused on the relationship of environmental effects and policy to economic growth, with a current emphasis on

an economic appraisal of policy options to deal with the global warming problem. He received his Ph.D. in economics from the University of Pennsylvania. He has been a study director at the Survey Research Center at the University of Michigan, research associate at the Center for Mathematical Studies in Business and Economics at the University of Chicago, and research associate at the University of Tokyo.

JAMES GORDON WARD, an associate professor of educational administration in the UIUC College of Education, is a specialist in public school finance with research interests in state school finance systems, the legal and political aspects of school finance, and governmental institutions and policy processes as they relate to education. He received his Ed.D. from Virginia Polytechnic Institute and State University in 1984 and earned an M.P.A. from SUNY Albany in 1975. He is former national director of research for the American Federation of Teachers, AFL-CIO. Ward is associate editor of the *Journal of Education Finance* and is a past president of the American Education Finance Association. He is co-author of the forthcoming *American Public School Finance: A Public Policy Perspective*. He is also director of the Office for Education Policy and Leadership and in 1989 he was named a College of Education Scholar in recognition of his research and scholarship.

SENIOR EXECUTIVE PROGRAM

The third session of the Senior Executive Program took place during the week of October 16 at the UIUC Levis Center. The program is designed for top policymakers in Illinois state agencies and focuses on specific areas that will enhance a policymaker's understanding of key issues. Speakers at this fall's meeting included keynote speaker David Linowes, special advisor to IGPA and former chairman of the President's Commission on Privatization; Delores Ambrose from Carnegie-Mellon who discussed leadership and team development; Steven Adelman who is with Keck, Mahin & Cate and whose session was concerned with who is liable and when in employment decisions in the public sector; Frederick Winter, head of the Dept. of Business Administration and professor of marketing at UIUC, who spoke about marketing strategies for government; and David Lewin, professor of business and director of the Industrial Relations Research Center at the Columbia University Graduate School of Business, whose session was on managing labor relations in the public sector. Eugene S. Reineke, the new director of the Illinois Department of Central Management Services, and Stanley O. Ikenberry, president of the university, presented certificates to the participants at the closing luncheon.

A similar program for federal, state and local officials, will be held in spring 1990. It will address intergovernmental issues of concern to these officials.

UPWARD MOBILITY PROGRAM

Phyllis Rominger has been appointed project coordinator for the Upward Mobility Program. For the past five years she worked for the Illinois Department of Children and Family Services. Her work at IDCFS included directing federal research and demonstration projects, designing curricula, teaching courses, and assisting in designing and implementing a certification testing program.

Phyllis has a master's degree from Indiana University and has worked in all levels of education—elementary through adult. She is married and has two children.

IGPA SPEAKER SERIES

Bryan Jones, professor and head, in the Department of Political Science at Texas A & M University, presented the first talk in the 1989-90 IGPA lecture series. Professor Jones' presentation was entitled "The Rise and Fall of Nuclear Regulatory Policy in the United States." The talk focused on how changes in public perception of nuclear energy, elite activity, and venue changes in the regulatory arena had a marked impact upon the nuclear industry. His basic contention is that these developments undermined the industry's viability well before the accident at Three Mile Island. The lecture, held in the Illini Union, was attended by over 40 individuals.

STOWE JOINS IGPA STAFF

Since July Ned Stowe has been working half time with the IGPA to develop plans for a new program in science, technology and public policy. He will be surveying programs at other institutions, interviewing faculty at the UI and elsewhere, and meeting with science and technology policy planners in government and industry. He is seeking to identify areas in which the IGPA can make a special contribution at both the state and national levels.

Ned has worked with the Program in Science, Technology and Society at UIUC since 1986, where he is currently the assistant director. His academic background includes a B.A. in Geology (historical geology and ecology), an M.A. in Diplomatic History (U.S.-Soviet Relations), and further graduate study in international relations. His current interests are in the areas of sustainable domestic and international development, and the management and control of science and technology.

REAL PROJECT

In the last several months the Regional Economics Applications Laboratory (REAL) has focused on the completion of the Illinois and Chicago Input-Output Tables. These tables are based on data collected by the Bureau of the Census from individual establishments in 1982; it is hoped that access to 1987 data will be made available in early 1990. In addition to this work, a nine-sector Chicago Region Econometric Input Output Model (CREIM) is nearing completion. Philip Israilevich, Geoffrey Hewings and Ram Mahidhara are involved in this project. The model consists of five blocks of information—population, income, employment, final demand and output—and is calibrated with data for the period 1965-1987. The initial development of the model has been supported with funds provided by the Chicago Economic Development Commission; negotiations are currently underway to expand the sectoral detail to between 50-60 sectors over the next five months. Once CREIM is running, it will be possible to make forecasts to the year 2013 on output, employment, income, population and labor market characteristics. Funding is now being sought for expansion of the labor market and demographic modules.

Final negotiations have been completed with the Economic Development Administration for support for the development of a prototype computable general equilibrium model to examine the potential impact of the US-Canada Free Trade Agreement (FTA) upon the economies of the Midwest. Although the anticipated benefits on the US as a whole range from a welfare gain of 0.04% to a loss of 0.1%, many portions of the Midwest (especially Illinois and Michigan) have strong bilateral trading links with Canada. The anticipated effects at the sector and state levels are likely to be larger in percentage terms than for the US economy as a whole. This project will involve Geoffrey Hewings, Philip Israilevich, Earl Grinols (Economics) and Ricardo Gazel (Economics).

The final project underway is a cooperative venture with some faculty at Illinois Wesleyan University. A survey questionnaire has already been distributed to production-line workers (associates) at the Diamond-Star Motors (DSM) plant in Bloomington-Normal requesting information about their prior residence and work experiences and attitudes towards the DSM operation. Subsequent work will focus on supplier linkages and technological changes and innovations in component parts production. It is hoped that the study can continue to monitor the activities at DSM over a longer time period—especially in view of concerns raised by the Illinois Auditor General over the way incentives were proffered to DSM by the Illinois Department of Commerce and Com-

munity Affairs. One part of the proposed project will be to estimate not only the direct jobs created by the DSM plant but the indirect jobs generated by purchases of component parts. In addition, the location and stability of these indirect jobs will be monitored. Arun Elhance (Geography) and Geoffrey Hewings are the UI faculty involved in this project.

Translating Policy Studies into Policy in the People's Republic of China

by Thomas S. Ulen

From February to May 1989 I taught graduate economics students at Fudan University in Shanghai. I was a participant in a program sponsored jointly by the United States National Academy of Sciences and the State Education Commission of the People's Republic of China to bring four Western economists per semester to China to teach policy-oriented economics.

Part of the reason I was in China was that the relationship between the national and provincial governments and the universities is not good. The national government wanted policy-oriented economists for its ministries and was not receiving them from either Chinese universities or from those returning from an education abroad. The reasons that the Chinese higher education system is not providing the society with bright students trained in policy formation and evaluation are not hard to discern. (There is, incidentally, no public policy or public administration institute attached to a university in China.) The Cultural Revolution of 1966-1976 so devastated the education system of China that the universities have not yet recovered. The universities were closed from 1968 to 1972, and for another four years after their re-opening in 1972, the Party forced universities to select their student body on the basis of whether the applicant's father was a "worker, peasant, or soldier," not on the basis of the traditional competitive entrance examination. During this same period the Party appointed university faculty on the basis of ideological purity, not academic merit. These appointments will cast a shadow over the quality of even the best universities of China. Another important reason why the government cannot look to the education system for policy direction is that education has not received adequate funding since Deng Xiaoping consolidated his power in 1978. China spends less than 3% of its GNP on education, a far lower percentage than most developing countries. A smaller percentage of its vast population is college-educated than is the case in most developing countries. A typical university professor at Fudan, one of the three best universities in the country, receives less than \$75 per month in pay. Educators are not highly thought of in modern

China. (In Shanghai public opinion polls revealed that taxi drivers, whose income is relatively high, are the most admired profession.) One of the important consequences of the unsettled state of higher education in China is that the brightest students do not give a moment's thought to adopting the life of the mind or of going to work for the government. My students could be divided into two groups. One group wanted to come to the United States for graduate study with the intent, they told me confidentially, of staying in this country. The other, much larger group wanted to go into private, unregulated business, usually in Guangdong, the freewheeling province closest to Hong Kong.

Because bright university students do not contemplate working for the government, nor becoming professors at Chinese universities, and because the faculty does not have much to contribute to the policy-making process, politicians in China get advice from special research institutes that are set up and maintained independently of the higher educational system. One of the lesser-known casualties of the despicable repression that has been visited on China since early June have been the private think tanks funded by former Party chief Zhao Ziyang and his supporters. It was those research institutes that had proposed some of the most exciting policy initiatives of the past decade, initiatives that had led to remarkable economic growth in China. For example, the creation of special economic zones along the eastern coast, in which private economic initiative was given great scope, originated in a research institute. Proposals this past spring to create a market in ownership claims in state-owned enterprises (in essence, a stock market) and the arguments justifying a market in these claims as a method of improving the efficiency of Chinese business—these, too, came from a research institute created by Zhao Ziyang. Changes in China's primitive patent laws, in her methods of doing business with overseas corporations, and in a host of other important areas emanated not from the universities, but rather from these research institutes.

Despite the non-participation of the universities in policy formation in the People's Republic, innovative public policy ideas were beginning to emerge from the research institutes. With the closing of these research institutes and the repression being imposed on higher education, the tenuous connection between governmental policy and responsible scholarship has been severed. To the great detriment of the Chinese people, policy in the People's Republic will be formed and implemented by much dimmer lights.

Is Political Culture a Mirage? Region as a Noise Variable in Models of State Policy Making

by Carol Mock

[The following excerpt is taken from a paper by institute faculty member Carol Mock and Virginia F. Flack, Dept. of Biostatistics, UCLA; the paper was presented at the annual meeting of the American Political Science Association held in Atlanta, Georgia, in late August 1989.]

This paper reports work that compares real and simulated data to investigate the influence that a variable such as **Region**, which denotes groupings of states, can have in regression models of state-level policy making. We show that including a set of region dummy variables in a model may obscure the effects of more easily interpreted alternative variables in the same model.

The initial idea for this study came from preliminary findings we made on state higher education spending data for the 50 states (Mock, 1985). In spite of controlling for variables that region could reasonably be expected to represent (such as socio-economic characteristics of the states), the region variables continued to account for a large portion of the variation we could "explain" in the distribution of state higher education funds between public and private higher educational institutions. We modified the definition of the region variables in order better to understand their meaning, but the modifications had little or no effect on the results.

In other words, we found—like many others working in the area of comparative state politics—that policies vary by region, but that the meaning of region is not easily interpreted (for example, Patterson, 1968; Lowery and Sigelman, 1982; Dran, Albritton and Wyckoff, 1989). This observation leads to problems in accounting for the association between different regions of the country and differences in state policy outputs.

Due, in part, to the influential work of Daniel Elazar and his followers, students of state politics often use region as an indicator of political culture, and see correlations between region groupings and policy measures as evidence that cultural differences are the cause of variation among state politics and policies (e.g., Sharkansky, 1969, 1970; Ritt, 1974; Johnson, 1976; Hanson, 1980; Wirt, 1980; Stonecash, 1981; Erikson, McIver, and Wright, 1987). Elazar (1984) argues that different ethnic groups brought distinct orientations to political life (that is, distinct political cultures) with them as they migrated to the different regions of the country. The associated theory of political culture holds that the varied political orien-

tations of the settlers and their descendants are what account for variations among the states in governmental institutions and policy.

Recent efforts have been made to test this explanation of the association between region and policy by measuring cultural orientations more directly than by region alone and then investigating the link between these new measures, region, and policy. The results have been mixed, but they are generally discouraging for the culture hypothesis. For example, Lowery and Sigelman (1982) affirm the previous findings that policy outputs vary by region (that is, by groupings of states), but they conclude that such findings cannot be explained by reference to individual political orientations since the orientations themselves do not correlate well with cultural region. "This leaves us with an unsolved puzzle....," they write. "[How] are we to account for the oft-documented finding that policy outputs vary from culture to culture?" They suggest a closer examination of the role played by elite cultures and cultural lag (p. 383). Similar tests of the cultural explanation are reported by Nardulli (1988) and by Dran, et al. (1989) and debated in Kincaid (1982) and Savage (1981).

Our hypothesis about the link between region and policy works in quite a different direction: it is that associations between region and policy are chance products of statistical manipulation and collinearity with other variables in the data; they are, therefore, not in themselves substantively meaningful. Recent work on variable selection in regression and on the use and interpretation of regression statistics supports these hypotheses. Flack and Chang (1987) used simulations to assess the likelihood that variables whose values were drawn from random number tables (**noise variables**) could be selected inadvertently by using commonly available packaged variable selection procedures, such as step-wise regression, to derive models. They found that "for most samples, a large percentage of the selected variables is noise, particularly when the number of candidate variables is large relative to the number of observations." These conditions—a relatively small number of observations and a large number of candidate explanatory variables—are typical in studies incorporating state-level data. The similarity of conditions suggests the possibility that region could be associated with policy outputs even if it too were a noise variable.

In many of the state political culture studies, regional variables are thought to be substantively significant in part because they contribute to the overall fit of regression models explaining variation among the states (most recently, for example, Erikson,

et al., 1987). But current methodological wisdom cautions us against relying too much on the contribution to the amount of variance explained (R^2) that a variable makes for evaluating its importance. One reason for caution is that the answer to many of the questions about cause and effect that interest political scientists, including questions about the determinants of state policy cannot be inferred from the R^2 , however large (or statistically significant) it may be. Depending on the question, other statistics, such as slope estimates, are more meaningful (cf. Lewis-Beck and Skalaban, 1988; Achen, 1982). A second reason for caution, evidenced below, is that using region to improve R^2 may needlessly mask other information in the data. Together these cautionary considerations also suggest the possibility that region could contribute to the fit of a regression model of state policy without actually having a substantively significant relationship to the outcomes of interest.

In order to test the possibility that correlations between region and policy outputs are chance, we compared findings on higher education spending data using a common and intuitively meaningful definition of region with findings using random assignments of states to regions, that is, region noise variables. Our results demonstrate that simulated region variables do not contribute any less to explanation than authentic region variables do. But including the authentic region variables in the model does mask the effect on policy of more parsimonious and interpretable variables in our data set.

The rest of the paper describes our data, our methods of analysis, and our findings. We conclude with a discussion of what these results mean in terms of our data specifically, and, more generally, for our substantive understanding of the determinants of state policies and for our analysis and interpretation of quantitative data in comparative policy studies.

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DIRECTOR'S STATEMENT

by Robert F. Rich

Three discrete but curiously inter-related issues currently facing the nation need to be addressed by policy research institutes such as ours: the economic performance of the American states and the role of state government in promoting economic growth; global environmental change and other related environmental issues; and the recruitment of talented young people into public service.

Over the past decade states have engaged in intense competition to attract businesses to locate and relocate within their respective borders by designing special incentive packages. In many cases states seem to be more concerned with recruiting new businesses than they are with retaining those that are currently making a significant contribution to economic growth and stability. Moreover, there seems to have been an emphasis on trying to duplicate such "success stories" as the Research Triangle in North Carolina, the so-called Massachusetts Miracle, and Silicon Valley.

We need to evaluate what impact state government can and should have on the process of state and regional economic development. Have the states followed a strategy or set of strategies that enhances their competitive position, or have they simply engaged in a process of "image

management" and public relations? Given the powerful macro-economic forces that operate at the national and international level, can the states have anything more than a marginal impact?

There is also a real need to think about developing criteria for measuring the success of state economic development strategies. Is success, for example, only to be measured in terms of the number of new jobs that have been created? What is meant by creating or designing a favorable business climate? Have some states been more successful than others; if so, why?

As we move closer to the next century, it is becoming increasingly clear that economic development and the overall quality of life are closely tied to global environmental change. On the national scene increasing attention has been paid to basic research questions in the environmental arena. The White House Office of Science and Technology and the Committee on Earth Sciences have highlighted the need for more funding for basic research in this area. More importantly, they have succeeded in developing and coordinating an interagency agenda for basic environmental research. In addition, several federal agencies, including the National Science Foundation, have shown an interest in the social and behavioral dimensions of global

environmental change, i.e., in the policy questions related to the environmental issues. While government officials seem to recognize the need for policy research, no one seems to feel that it is their responsibility to organize an interagency effort in this area. Yet there are critical policy questions that need to be addressed through systematic research. For example, how much economic growth and development are we willing to trade off for environmental concerns? Are we willing to invest fewer resources in technology designed to enhance growth and more in technology designed to clean up the environment?

To analyze these and other complex problems, we will need to attract the very best talent in the nation into the public service at all levels of government. As the recent Volcker Commission report makes clear, young people are not being attracted to jobs in government. Many schools of public policy are sending new graduates into the private sector. These students have the training and zeal that are needed in government.

The Institute of Government and Public Affairs at the University of Illinois and other units of its kind need to address these complex and related issues. Our commitment to research and public service offers both an obligation and an opportunity to address these challenges.

FACULTY AND STAFF ACTIVITIES

JAN K. BRUECKNER and his coauthor Kevin M. O'Brien (Dept. of Economics, Texas Tech University) published an article, "Modeling government behavior in collective bargaining: A test for self-interested bureaucrats," in Public Choice (63: 15-41, 1989).

ANN BARRY FLOOD gave a presentation, "HMOs in the Illinois Context: Current and Future Prospects," to the Illini Chapter of the International Assn. of Financial Planners in Champaign-Urbana on February 20.

BOYD KEENAN, who is spending part of his sabbatical at the James F. Byrnes International Center at the University of South Carolina, has been invited to serve as a resource advisor to the board of directors of NASULGC's new Provisional Division of Environmental, Natural Resources and Marine Affairs.

RICHARD KOSOBUD presented an invited address entitled "How Much Greenhouse Policy Intervention and When? A Great Lakes Regional Study," at the annual AAAS meeting, which was held February 15-20 in New Orleans.

GILL-CHIN LIM served on the National Commission on Undergraduate Education of the Association of Collegiate Schools of Planning during the fall 1989 semester. He also spoke at the Teaching Workshop at the annual meeting of the association about applications of learning theories and TOTM (Task-Performance Oriented Teaching Method), which he invented.

In January Professor LIM organized an international seminar on "Comparative Housing Policies: China and Korea" in Seoul, Korea.

DAVID F. LINOWES was cited in a lengthy article about privacy in the October 14, 1989, issue of National Journal. He is quoted as saying that "almost all the federal laws are inadequate because there is no coordinated federal policy on fair information practices." In a reference to Linowes' book, Privacy in America, the article also states that "record-keeping, especially among corporations, is such that many companies have no idea who can receive delicate information. According to a University of Illinois survey, "half the companies surveyed don't have any policy on what information is collected or which government agencies are given the data. Eighty percent of corporations provide information to credit companies without notifying their customers."

THERESE MCGUIRE had an Op-Ed piece published in the Chicago Tribune on Wednesday, March 21, 1990; it was entitled "Economic fact, political fiction and our taxes." In the concluding paragraph she states: "Unfortunately, what makes economic sense does not always make political sense. And economics can only take us so far. In the end, trade-offs exist - between equity and efficiency, simplicity and accountability, stability and responsiveness. It is only in the political arena that these conflicts can be resolved. Economists can provide information and analysis, but it takes political courage and leadership to develop sound tax policy--and voters with enough information to elect courageous leaders."

CAROL MOCK served on the National Academy of Sciences Committee on the Use of Volunteers in Schools. Its report, Volunteers in Public Schools, published by the National Academy Press (1990), "is the first overview ever compiled of volunteer activity in U.S. public schools--how volunteers are being

used, what factors make programs successful, what further research will enhance our ability to create effective programs, and what directions national policy should take. [It] includes the reports of site visits to 13 'exemplary' volunteer programs."

ROBERT F. RICH and his coauthor Marilyn Jacobs Quadrel (Carnegie-Mellon University) published "Information Selection in the House of Representatives: An Organizational Perspective" in Knowledge (Vol. 11, No. 2, December 1989 123-154). The article asks, "Is the selection process in the House similar to the information selection process in other organizations?" The authors show that the organizational perspective is informative in explaining information search and selection processes within the House of Representatives.

ROBERT RICH and NOREEN SUGRUE coauthored a chapter, "Technology, Social Policy, and Social Change," in Health Care, Technology, and the Competitive Environment, edited by Henry P. Brehm and Ross M. Mullner. The authors note that "research and development projects lead to new and improved technologies....[C]hanges that accompany technology also force members of society to reevaluate the rules, laws, and institutions that guide and maintain society....The induced social change forces reflection in two key areas. The first is concerned with how well social institutions are structured. Are they able to evolve and change when new ideas, thoughts, and behaviors are introduced?...This leads us to the second area of concern. As technologies are developed and improved, are we stretching beyond the cognitive capabilities of people to deal with the consequences of technologies?"

ROBERT J. SAMPSON was a discussant and participant in a conference on family dissolution and

public policy in the U.S.; it was held in Rockford, IL, in mid-October. In November he presented a paper, "The Impact of Housing Policies on Community Social Disorganization and Crime," at the Workshop on Housing and Health at the New York Academy of Medicine.

WILL WHITE published an article, "The 'Corporatization' of U.S. Hospitals: What Can We Learn From the Nineteenth Century Industrial Experience?" in International Journal of Health Services (20:1 1990 85-113).

Professor WHITE also presented a paper (with David Dranove, University of Chicago), "Changes in Hospital Market Shares Under The Medicare Prospective Payment System," at the Allied Social Science Association meetings, Health Economists Research Organization (December 27, 1989). In addition, on January 25, 1990, he talked about "Professional Regulation, Technology and the Division of Labor in Health Care: A Historical Analysis of Trends in Diagnostic Radiology, Ultrasound, and Clinical Pathology" at the Center Health Administration Studies workshop at the Graduate School of Business, University of Chicago.

NEW FACULTY

Two faculty members have joined the IGPA staff this winter and two additional people have accepted positions starting next fall.

THERESE MCGUIRE joined IGPA-Chicago in November, shortly after completing a twelve-month appointment as director of a study and report on the Arizona fiscal system for the Arizona Joint Select Committee on State Revenues and Expenditures. Professor McGuire has a B.A. in mathematics and economics from the University of Nebraska-Lincoln and a Ph.D. in economics from Princeton

University. She has taught at Macalester College, SUNY at Stony Brook, Princeton, and Northwestern. Her most recent publication is "State Grants-in-Aid and Municipal Government Budgets: A Case Study of New Jersey," with Douglas Holtz-Eakin, which appeared in Research in Urban Economics, edited by Michael E. Bell and published by JAI Press.

ROBERT E. (BUZZ) PAASWELL is also on the Chicago campus. He has a joint appointment with the Urban Transportation Center, of which he was the director from 1982 to 1986. From November 1986 until January 1989 Professor Paaswell was executive director of the Chicago Transit Authority, North America's second largest transit system. Prior to coming to Illinois in 1982, he was at the State University of New York at Buffalo for eight years. Professor Paaswell was born in Redwing, Minnesota, has a B.S. in engineering and an M.S. in applied mechanics from Columbia University, as well as a Ph.D. in civil engineering from Rutgers.

Since 1985 he has served on the faculty of Jilin University of Technology in Changchun, People's Republic of China as U.S. liaison to develop a major transportation program for the country. In addition, he has offered seminars and performed research for the Ministry of Public Security and for the China Association of Service and Technology.

JAMES H. KUKLINSKI has been a member of the Department of Political Science at UIUC since 1983 and assistant director of the Survey Research Laboratory since 1984. He has accepted a joint appointment with IGPA starting in fall 1990. His special area of research is American politics, and public opinion and political attitudes. His most recent book, which he coedited with John A. Ferejohn, is entitled Information and Democratic Processes. He is currently

doing research on the social basis of political perceptions and participation.

Professor Kuklinski has a B.S. in political science and chemistry from the University of Wisconsin at Madison and a Ph.D. in political science from the University of Iowa. From 1975 to 1978 he taught at Wichita State University, and from 1978 until 1983 he was at Indiana University; in 1982-83 he was a visiting scholar at Stanford.

PABLO T. SPILLER has also accepted a joint appointment with IGPA for fall 1990. Since 1987 he has been William B. McKinley Professor of Economics and Public Utilities at UIUC. Prior to coming to Illinois, Professor Spiller was at the Hoover Institution (1984-87) and in the Department of Economics (1986-87) at Stanford University. He has also taught at Berkeley, the University of Chicago, and the University of Pennsylvania.

Professor Spiller was born in Montevideo, Uruguay, attended Universidad de la Republica in Montevideo, received both a B.A. and an M.A. in economics from the Hebrew University of Jerusalem, and an M.A. and a Ph.D. in economics from the University of Chicago. His chapter, "Agency and the Role of Political Institutions," was published in Information and Democratic Processes, edited by Ferejohn and Kuklinski. For the past three years Professor Spiller has organized the Ameritech Lecture Series on Regulation, which is part of the IGPA Ameritech project.

NEW IGPA AFFILIATES

In addition to its regular faculty and staff, which now numbers eighteen, IGPA each year invites a number of faculty members on both campuses to join the institute as affiliate members; (persons who do not have faculty

status at the university may be asked to join as "adjunct" members). Since last fall three faculty members have become institute affiliates, bringing the total number of affiliates and adjunct members to fifteen.

JAN BRUECKNER is a member of the Department of Economics at UIUC and specializes in research on urban economics, public economics, and housing finance. Professor Brueckner has a B.A. in economics from the University of California at Berkeley and a Ph.D. in economics from Stanford. He has been at UIUC since 1980.

GERRIT KNAAP became an affiliate of the institute in November 1989 shortly after joining the Department of Urban & Regional Planning at UIUC. From 1983 to 1989 he taught at the University of Wisconsin-Green Bay in the Department of Urban and Public Affairs. He has a B.S. in economics from Willamette University and a Ph.D. in economics from the University of Oregon.

GERALD STROM is a member of the Department of Political Science at UIC and is the department's director of graduate studies; he is also an associate research professor in the Survey Research Laboratory and director of the Public Policy Analysis Program. He was born in Minnesota and received a B.A. from the University of Minnesota; both his M.A. and Ph.D. degrees are from the UIUC.

IGPA SPEAKER SERIES

During the 1989-90 academic year the IGPA's Urbana office once again sponsored a series of afternoon lectures and noon-time brownbag presentations. Speakers included:

--Bryan Jones (Texas A&M), September 28: The Rise and Fall of

Nuclear Regulatory Policy in the United States

--Sandra Braman (Communications, UIUC), November 9: Information Policy: Defining the Domain in a Constitutional Context

--Richard Campbell (Sociology, UIC), December 1: Toward a World Data Base

--Richard Kosobud (Economics, UIC), December 6: Economic Analysis of Greenhouse Effect Policy Issues

--Therese McGuire (IGPA-Chicago), February 8: Report on the Study of the Arizona Fiscal System for the Arizona Joint Select Committee on State Revenues and Expenditures

--Jon Bendor (Political Science, Stanford University), March 30: Rethinking Allison's Models

--James Henderson (Cornell University School of Law), April 5: The Quiet Revolution in Products Liability: An Empirical Study of Legal Change

--Thomas Morawetz (University of Connecticut School of Law), April 23: The Philosophical Arguments for Legal Punishment

--Roberta Romano (Yale University School of Law), May 7: The Corporation in Modern Law

POLICY FORUM

In early 1988 IGPA began publishing a new quarterly, Policy Forum. It builds upon the institute's longstanding research newsletter, Illinois Government Research (IGR), and replaces it. It is designed for a general audience as well as the academic reader. Policy Forum is published in cooperation with the Cooperative Extension Service in the College of Agriculture, UIUC. Two issues have appeared thus far in the 1989-90 academic year:

--"An Economic Perspective of Illinois' Labor Force Dynamics," by Cheng H. Chiang

--"Auditing Illinois' Marketing

Intelligence," by Thomas A. Murray.

WORKING PAPERS

The institute's working papers series provides an outlet for IGPA-sponsored research (although any member of the University of Illinois staff may submit a manuscript for consideration). In contrast to Policy Forum, which is designed for a wide readership, the working papers are fairly technical and "academic." For this reason they are distributed only to interested faculty members at the UofI, relevant policymakers, and selected research libraries. Several working papers have appeared since our last newsletter:

Working Paper #10: "Economic Analysis of Greenhouse Effect Policy Issues: East and West," by Richard F. Kosobud (Economics, UIC and IGPA affiliate)

From the conclusion: The greenhouse effect is a global problem requiring global cooperation. Setting a good example in initiating policies could be a path chosen by one or more of the leading industrial nations, but the long-run effectiveness of greenhouse policies will depend on the cooperation of the developing economies which are already increasing their share of greenhouse emissions. Securing international cooperation will be difficult, perhaps close to impossible. The subject is an area deserving of close research attention. If cooperation proves to be as difficult to secure as many believe, then deserving of high research propriety is the task of specifying and appraising a wide range of passive adjustment measures.

Working Paper #11: "The Medicare Prospective Payment System and Financial Risk," by Maqbool Dada, William D. White, and Judith A.

Cooksey (Dada, Information and Decision Sciences, UIC; White, IGPA and Economics, UIC; Cooksey, Assoc. V-Chancellor for Health Services, UIC)

Abstract: The Medicare Prospective Payment System (PPS) may place hospitals at financial risk in two ways. First, hospitals may be at risk if on average their costs exceed PPS payments. Second, hospitals may be at risk because of year to year fluctuations in the costs of treating patients even if they expect on average to break even. This paper develops a methodology for evaluating financial risks for hospitals associated with these two types of cases utilizing individual patient data. This methodology is then used to perform a preliminary analysis of risks faced by selected California hospitals in 1983 due to year to year cost variations.

Working Paper #12: "Bureaucracy, Altruism, and Monetary Policy," by John B. Cribfield and John H. Wood (Cribfield, IGPA and Agricultural Economics; Wood, Wake Forest)

Abstract: This paper explains the purchases of assets by the Federal Reserve and its creation of the monetary base in terms of an objective function incorporating bureaucratic and social goals. Using annual data spanning the Fed's history, we find that social objectives--particularly interest rate stability--have increasingly dominated Fed policy, whereas bureaucratic objectives have become less important. We find no support for the claim that bureaucratic incentives have imparted inflationary bias to monetary policy; in fact, the opposite may be true.

NATIONAL ADVISORY COMMITTEE

The IGPA National Advisory

Committee held a half-day meeting on April 18 immediately prior to the institute's two-day policy conference (see below). At the opening luncheon Robert Perloff was thanked for his excellent leadership during the first three years of the committee's existence; the NAC is now a well-established part of the institute, in no small part due to his superb efforts. Succeeding Dr. Perloff as chairman of the group is Wallace Oates, professor of economics at the University of Maryland.

During its half-day meeting the committee reviewed the institute's research programs in the areas of science and technology policy and fiscal and regional development studies.

The present members of the National Advisory Committee are:

Wallace Oates (Chairman), University of Maryland
Effie Ellis, M.D., Chicago
Amitai Etzioni, George Washington University
Elizabeth Loftus, University of Washington, Seattle
David Paulus, First National Bank, Chicago
Judith Paulus, Citicorp, Chicago
Robert Perloff, University of Pittsburgh
Michael Preston, University of Southern California
Adlai E. Stevenson III, Mayer, Brown & Platt, Chicago
Donald Stokes, Woodrow Wilson School, Princeton, N.J.
Michael Tristano, Unisys, McLean, Virginia

AMERITECH FELLOWSHIP PROGRAM

The Ameritech Fellowship Program has now been in existence for three years and is well established on both campuses of the University of Illinois.

It focuses on two basic goals of the Ameritech Foundation, which is funding the program: promoting public policy research on economic development and revitalization issues in the Midwest and encouraging research on economic regulation and its effect on the economy, especially the telecommunications industry. The program has consisted of three major components: a visiting fellowship program, a research program (primarily to promote the research of current university faculty), and a lecture series.

Lecture Series. During the spring 1990 term the Ameritech Fellowship Program, in cooperation with the Illinois Seminar on the Political Economy of Institutions of the UIUC Department of Economics, sponsored a lecture series entitled The Ameritech Lecture Series on Regulation. It was organized and coordinated by Pablo Spiller, McKinley Professor of Economics and Public Utilities at the University of Illinois at Urbana-Champaign. The lectures presented in the series were:

Professor Tracy Lewis, U.C. Davis
"On the Boundary of the Firm: Self Provision vs. Subcontracting"

Professor Matthew Spitzer, USC Law School
"Justifying Minority Preferences in Broadcasting"

Professor Kenneth Shepsle, Harvard University
"Coalitions and Cabinet Government"

Professor Nancy Rose, MIT
"Competitive Price Discrimination in the US Airline Industry"

James Snyder, University of Chicago
"Competition and Campaign Contributions"

Professor Tim Bresnahan, Stanford University
"Dynamics of Plant Shutdown Behavior: The American

Motor Vehicle Industry in the Depression Era"

Ron Johnson, Montana State University "Patronage To Merit: Political Change in the Federal Labor Force"

Professor Tom Romer, Carnegie-Mellon University "Multi-Community Equilibrium with Fair Share Housing Rules and Zoning"

Tom Ross, Carleton University "Forward Induction in Coordination and the Battle of the Sexes Game: Some Experimental Results"

Charlie Holt, University of Virginia "List Price and Discounts: Experimental Evidence"

Roberta Romano, Yale Law School "The Shareholders Suit: Litigation without Foundation"

The Ameritech Fellowship Program also presented a special lecture by Susan C. Stone, a former member of the Illinois Commerce Commission. Entitled "The Realpolitik of Regulation: A View From the Cauldron," the talk was held on March 8 in the Library of the Levis Faculty Center on the UIUC campus.

Visiting Fellows. The visiting fellows are nationally recognized scholars and practitioners who are invited to the University for a period of several days. Visiting fellows interact with faculty and students who have common interests at both Urbana-Champaign and Chicago. The major contribution is a set of lectures designated as the Ameritech Lectures in Public Policy. Each visitor's lectures are published by IGPA in the form of a monograph.

The first Ameritech Distinguished Visiting Fellow was Elizabeth Bailey, who is dean of the Graduate School

of Industrial Administration at Carnegie-Mellon University. Dean Bailey presented four lectures in the spring of 1988 outlining her analysis of the process of regulation in the United States over the last 200 years. The Ameritech Distinguished Visiting Fellow for the second year was Brian J. L. Berry, an eminent geographer. He is a member of the National Academy of Sciences and a former president of the Association of American Geographers. He addressed issues dealing with the dynamics of the regional development process in his presentations in Chicago and Urbana in March 1989.

The Ameritech Fellowship Program also cooperated with the Department of Economics at Urbana-Champaign to sponsor a presentation by Professor Lawrence H. Summers of Harvard University. Summers is the Nathaniel Ropes Professor of Political Economy and probably the most distinguished young economist in the profession. He has had a longstanding interest in the issue of American competitiveness. He presented a general lecture and a more technical seminar in April 1989.

The Ameritech Distinguished Visiting Fellow scheduled for spring 1990 is R. Scott Fosler, vice president and director of government studies for the Committee for Economic Development. CED is a national public policy organization comprised of 250 top corporate executives and university presidents. He is an expert on regional economic development issues and has written extensively in this area including The New Economic Role of American States. The book, which he edited, received considerable attention when it was published in 1988. Mr. Fosler is a Senior Fellow of the Institute for Policy Studies at Johns Hopkins University and a fellow of the National Academy of Public Administration.

POLICY CONFERENCE

On April 19-20 IGPA sponsored a conference at the Illini Union on the Urbana-Champaign campus. It was organized by Paul Quirk and Bob Rich and was entitled "Understanding and Improving Public Decisionmaking." It consisted of two sessions: The Nature of Decision Processes and Institutions; and Improving Public Decisionmaking. Each session contained three panel discussions. Those in the first were: Motivation and Political Power; The Use of Information; and Institutional Structures. The second session consisted of panels on: Assisting and Constraining Decisions; Strengthening Executive Leadership; and Reorienting Decision Processes. A final wrap-up panel was entitled "Toward Integration of Theory and Practice." The fourteen paper givers were from around the country as well as the University of Illinois; discussants and moderators were primarily from the U of I.

EXECUTIVE MANAGEMENT TRAINING SEMINAR

The Institute of Government and Public Affairs, along with the Chicago Community Trust and Mayor Richard M. Daley's office sponsored an Executive Management Training Seminar for City of Chicago officials February 25-28, 1990, at Chicago's Hyde Park Hilton. Twenty-five senior managers from 13 city departments participated in the seminar.

Mayor Daley and James Stukel, Executive Vice Chancellor for the UIC campus, spoke at the opening dinner. Topics covered in the seminar included labor-management relations, productivity, team building, and marketing. This program represented the first of what we hope are many, cooperative ventures between IGPA, the City of Chicago, and The Chicago Community Trust.

ILLINOIS DELEGATION SEMINAR

On April 2 IGPA and the Washington-based Institute for Illinois cosponsored their fourth annual seminar for staffers of the Illinois congressional delegation, with funding from the Allstate Foundation. As in the past, the purpose of the gathering was to acquaint staffers with the Illinois perspective on a series of policy issues that are likely to come up in the near future. Three topics were chosen for this year's session: the peace dividend, the environment, and health care. Robert Rich, IGPA director, and Egils Milbergs, president of the Institute for Illinois, presented brief opening remarks.

The Peace Dividend: Where Does It Come From? What Does It Mean? was the title of the first panel, a plenary session. Speakers included Roger Kanet (Political Science, UIUC), Larry Neal (Economics, UIUC), J. Fred Giertz (IGPA and Economics, UIUC), and Rosanna Marquez (Mayor's Office, Chicago).

Speakers on the panel dealing with the environment included Richard Kosobud (Economics, UIC), Charles Kolstad (Inst. for Environmental Studies, UIUC), David Morrison (IIT Research Institute), and Philip O'Connor (Palmer Bellevue, Chicago). Speakers on the health care panel included Donna Cohen (Gerontology Center, UIC), Ann Barry Flood (IGPA and College of Medicine, UIUC), and Gerald Tresslar (CarleCare and Carle Clinic, Urbana).

The luncheon speaker was Monroe W. Karmin, senior editor of U.S. News and World Report; his topic was "The Pace of World Change and What it Means." Mr. Karmin was introduced by Bobby Mitchell, chairman of the Leadership Council for Metro Washington, for the UofI Foundation, and assistant general manager of the Washington Redskins. Jeanne Van

Kirk, development associate in the foundation's Chicago office, was instrumental in obtaining Mr. Karmin's and Mr. Mitchell's participation. She also invited University of Illinois graduates in the Washington area to sit in on the panel discussions and to join the group at lunch.

The day ended with a reception, sponsored by IGPA, the Institute for Illinois, and the University of Illinois Foundation.

VENTURING TO DEVELOP by Brian J. L. Berry

The following excerpts are taken from the introduction and conclusion of the monograph "Venturing to Develop: Forces that Promote Economic Transformation at the Leading Edge and on the Far Periphery" by Brian J. L. Berry. The monograph is based on Professor Berry's Ameritech lecture, presented in March 1989, and is available from the institute.

Among the great themes of political economy is the fluidity of capitalism - the continual churning, out of which emerge successive transformations and retransformations of our economic system. This capacity for self-transformation is surely what was at the back of incoming Yugoslavian President Ante Markovic's mind in his January 1989 statement that "the open-market economy (is) an ultimate achievement for mankind, for which no alternative has yet been found."

What is it that makes such self-transformation possible? If we can understand that question we can come closer to an understanding of economic development. It has, I believe, everything to do with freedom of entry and exit, with venturing, and with the imagination to think strategically.

What I hope to demonstrate in what follows is that economic development occurs through a continual process of trial and error, punctuated by those great leaps that emerge from the exercise of creative imagination. Innovation and strategic planning are two of the legs on which development policy must stand, together with the willingness to count as successful a venturing effort in which no more than one out of ten trials finds a fertile niche and grows.

Two cases are chosen for examination. One is at the leading edge of contemporary North American regional development, the Dallas-Fort Worth "Metrolplex." The second is on the far periphery of development, in two areas on the outer edge of influence of the city of Colombo, capital of Sri Lanka. In the Metrolplex, a combination of the pressures of venturing and of strategic thinking has propelled sleepy urban centers that were part of the American periphery of the 1950s into a world class region, part of the global "polycenter." On the Sri Lankan periphery, fighting to combat the constraints on initiative present in an equity-oriented state, there are attempts to create growth opportunities for the poorest of the poor by promoting small enterprise.

Whether it be "big development" or "little development," the keys are the same: cultivation of enterprise, combined with a willingness to imagine futures that might be and to take the major--and high risk--steps that create environments conducive to the venturing spirit.

The message is clear: markets work, and creative capital makes them work better.

For leading-edge development a high-technology production function can be postulated: value added in output is a function of venture capital inputs,

available brain power, and the Verdoorn effect present in agglomeration economies. Venture-capital-financed innovation overcomes the risk aversion of established financial markets and the organizational inertia of large corporations, satisfying the multifaceted technological and organizational requirements of new business development. It accelerates the process of technological innovation and business formation by combining the necessary personnel drawn from a variety of organizations and occupations at a particular niche in the technology cycle: the early stages of nascent technology. Brain power is the creative force--the source of the innovative ideas and of their conversion into marketable technologies. And agglomeration permits close networking of organizationally independent but functionally interdependent specialists. Externalization of market relations breeds flexibility and encourages competitiveness under conditions of great uncertainty. Competitiveness and specialization lie at the heart of increased productivity with increasing size of agglomeration.

For development at the periphery the first prerequisite is the markets themselves--both the market centers and the intermediating institutions that link potential producers with potential consumers. These markets cannot simply be local; the expenditure constraints are too confining. Yet whether one is at the leading edge or the far periphery, the production function is the same. One cannot think simply of capital, but of how it is made available: creative capital incorporates a range of intermediation services. One cannot think simply of labor, but of the human ingenuity that can be realized when the stifling constraints of centrally-administered regulation are removed. And one must think of both scale and agglomeration: scale

to overcome even the minimal conditions of entry that serve as barriers to the initiative of the poor, and agglomeration to make possible the provision of essential services.

The market economy is indeed one of mankind's great achievements. Wherever it can flourish, individuals, regions and societies flourish too.

THE IMPACT OF HOUSING POLICIES ON COMMUNITY SOCIAL DISORGANIZATION AND CRIME

by Robert J. Sampson

In November 1989 Professor Sampson presented a paper at the Workshop on Housing and Health at the New York Academy of Medicine. It is reproduced here with some minor cuts and elimination of the references.

My purpose in this paper is to examine what might be termed the "Crime Effects of Non-Crime Policies." Crime control is often considered a policy problem only for criminal justice agencies--principally the police--or community crime prevention organizations (e.g., neighborhood watch). But while criminal justice agencies and other community groups are crucial, a broader community or structural perspective points out the roles of other federal, state, and local government sectors not directly concerned with crime. In particular, not enough attention has been paid to housing policies and how they may indirectly affect crime and the community. My interests as a researcher over the last several years have focused on the community-level determinants of crime rates, many of which are related to housing policy in important respects. Drawing on this research and that of others, the question I'd thus like to address is the following: Is there any evidence where non-crime policies--especially housing--have adversely affected crime

or apparent causes of crime such as social disorganization?

In trying to answer this complex question in a short time space, I'd like to focus on one of the most important factors related to serious urban crime--public housing projects. Public housing is an issue that affects all units of government--from the federal to city level--and is implicated in many of the underlying causes of crime. To take but one example, the most violent neighborhood in Chicago is Wentworth, which is dominated by the Robert Taylor Homes. This project consists of 28 16-story buildings housing over 20,000 people. But while these residents accounted for only about 1/2 of one percent of Chicago's population in 1980, 11 percent of the city's murders, 9 percent of its rapes, and 10 percent of its aggravated assaults were committed in the project. Other projects such as Cabrini-Green in Chicago share a similar fate, as do countless projects in our nation's urban areas. Indeed, in research I have conducted at the national level, the density of multi-unit, poor, rental units (a proxy for public housing) is one of the strongest predictors of robbery and homicide--independent of other commonly accepted correlates of crime. What is so criminogenic about public housing, and how do political decisions at the local level exacerbate this situation?

Residential Instability

One factor linking public housing and crime is neighborhood instability. If we trace the history of housing policies in major urban areas we find that many neighborhoods were drastically altered based on political decisions that were not directly concerned with crime. At a very general level we are all familiar with urban renewal and its wholesale uprooting of poor urban communities. In addition, the freeway networks

driven through the hearts of many cities in the 1950s destroyed viable, low income, minority neighborhoods. In this sense the planning and construction activities of government often created "artificial neighborhoods" that upset the stability of city areas.

In Chicago, as in many cities and as in the 1960s, much of the money went to construction of public housing projects rather than rehabilitation of existing units or subsidies. According to Bursik, the result was a marked relationship with the subsequent degree of instability in an area--neighborhoods experiencing construction were characterized by a large increase in population instability. The construction of public housing thus accelerated patterns of instability that existed in Chicago neighborhoods. This instability in turn strongly increased delinquency rates.

Elsewhere I have examined the consequences of residential instability in terms of community social disorganization. In general, social disorganization refers to the inability of a community structure to realize the common values of its residents and maintain effective social controls. One of the most important dimensions of social organization in a community is informal local friendship networks. When residents form local social ties their capacity for community social control is increased because they are better able to recognize strangers, and are more apt to engage in guardianship behavior against victimization. Moreover, when friendship networks are strong, the ability to control delinquency is increased because the behavior of residents in a community is potentially subject to the reactions of all community residents. Hence, the greater the density of friendship networks among persons in a community, the greater the constraint on deviant behavior within the purview of the social network.

In short, by uprooting residents and increasing instability in selected neighborhoods, governmental decisions to build public housing has contributed to increased social disorganization and hence crime rates. Indeed, Bursik notes that in areas where existing housing was subsidized and rehabilitated (hence preserving the community), residents did not feel abandoned by city government. In these areas stability was maintained--despite low income--and consequently low crime rates ensued. On the positive side this shows that it is possible for government to create conditions conducive to stability.

Concentration of the Disadvantaged

Another major factor related to public housing is what William Julius Wilson terms concentration effects. Opposition from organized community groups to the building of public housing in their neighborhoods, and the decision to neglect the rehabilitation of existing residential units (many of them single family homes), led to massive, segregated housing projects which have become ghettos for minorities and the disadvantaged. In other words, Wilson argues that the social transformation of the inner city has resulted in a disproportionate concentration (or critical mass) of the most disadvantaged segments of the urban black population in a few areas (as opposed to disbursement). For example, census data show that while only 7 percent of poor whites live in poverty areas, 40 percent of blacks do --and that is stunning.

These changes have drastically altered the character of urban black neighborhoods. For most of American history until the 1960s, black urban communities featured a vertical integration of different income and family groups. That is, middle class blacks and intact families resided

in the same areas as lower income blacks. But with the concentration of poor blacks in housing projects the social transformation of the ghetto became profound.

In the public housing areas of our major cities the concentration of the disadvantaged is clear. Virtually all households in projects fall below the poverty line. And an undeniable fact is that family disruption in the black community is concentrated in public housing. In 1980, of the 17,178 families with children living in Chicago Public Housing Projects, only 11 percent were married couple families.

The concentration of family disruption in black communities, especially in housing projects, underscores an important policy issue. Specifically, there are good theoretical reasons to expect that the concentration of family disruption in poor urban environments is a potential disaster as far as crime is concerned. In recent research I have argued that marital and family disruption in poor urban environments is a potential disaster as far as crime is concerned. In recent research I have argued that marital and family disruption may decrease informal social controls at the community level. The basic thesis is that two-parent households provide increased supervision and guardianship not only for their own children and household property, but also for public activities in the community. A century of criminological research has demonstrated that most delinquents have delinquent friends and commit delinquent acts in groups. The territorial concentration of young males who lack familial social controls thus facilitates a peer-control system that supports group offending by simplifying the search for accomplices. Residents of stable family communities are better able to control such peer-group activities as street-corner congregation (e.g., hanging out) that

set the context for delinquency, especially gang-related. Hence, the awareness and supervision of peer group and gang activity is not simply dependent on one child's family, but on a network of collective family control.

Overall, my analysis of large U.S. cities supports this hypothesis and shows that rates of black violent offending, especially by juveniles, are strongly influenced by variations in family structure.

Perhaps most interesting, the results also reveal that despite a tremendous difference in mean levels of family disruption between black and white communities, the percentage of white families headed by a female has a large positive effect on white juvenile and adult robbery offending. In fact, the predictors of white violent crime are in large part identical in sign and magnitude to those for blacks. Therefore, the evidence strongly points to the conclusion that the effect of family disruption on black crime is independent of commonly cited alternative explanations (e.g., poverty, region, urbanization), and cannot be attributed to unique cultural factors within the black community (e.g., a black subculture of violence). Instead, high rates of black crime appear to stem in large part from the concentration in public housing of high levels of family disruption.

Code Enforcement and Rehabilitation

Another non-crime policy that appears to have contributed indirectly to crime is municipal code enforcement and governmental policies toward neighborhood deterioration. In an important recent study entitled Making the Second Ghetto: Race and Housing in Chicago, 1940-1960, Arnold Hirsch argues that lax enforcement of city housing codes played a major role in neighborhood

deterioration. When considered in conjunction with the practices of "red-lining" and disinvestment by banks, and "block busting" by cagey real estate agents, local policies toward code enforcement have contributed to neighborhood deterioration.

As we know, neighborhood deterioration has important negative consequences for crime. Neighborhood conditions provide readily observable evidence of the extent of local decline. Visual signs of physical deterioration and social disorganization--what has been termed "incivilities"--include junk and trash, boarded up housing, and stripped or abandoned cars. Incivilities and disorder may actually spawn more serious crimes because of a perceived reduction in local social control by residents. Hence, while city code enforcement may seem to be a policy arena far removed from crime, the evidence suggest otherwise--lax enforcement of municipal codes leads to neighborhood deterioration, which in turn encourages crime.

Conclusion

The general point I hope to have made is that what seem to be non-crime policies--e.g., where (or if) to build a housing project; enforcement of municipal codes; rehabilitation of existing residential units; disbursement of the disadvantaged--can have important effects on crime. And unlike so many criminogenic factors we often hear about, many of these factors are policy manipulable. At a minimum they would appear to include:

- * resident management of public housing (increases stability)
- * tenant buy-outs (increases home ownership and commitment)
- * rehabilitation of existing low income housing (preserves stability)

- * disbursement of public housing (vs. concentration)
- * strict code enforcement (to fight deterioration)

Fortunately, inroads are being made in these areas. Two excellent examples are the Bromley-Heath project in Boston on resident management and the Beethoven project in Chicago. Tenant management and resident buy-outs in Boston appear to have increased community stability, while the Beethoven project provides for parental assistance in child care and family planning in one of Chicago's worst housing projects. Moreover, there is evidence that such policies increase family stability as well--reports from the Kenilworth-Parkside Resident Management Corporation in Washington suggest that resident management is associated with fathers returning home and participating in child rearing. These trends suggest that family disruption and housing projects need not be synonymous.

There is also evidence that new funds for public housing are being spent in a creative and "crime-wise" manner. The New York Times recently carried two articles on important new community-based efforts to improve housing. First, the Boston Housing Partnership--a consortium of 10 neighborhood-based community development corporations, private sector institutions and state and city governmental agencies--just completed the renovation of 700 low-income apartments (a \$38 million project) and has begun rehabilitation of another 950 units. Second, Newark is currently renovating 1,632 vacant apartments and there has been an agreement to study the long-term feasibility of fixing up rather than destroying public housing. Perhaps more encouraging, Newark officials have agreed that replacement housing be spread throughout the city to achieve racial balance.

In sum, instead of destroying existing communities and concentrating low income persons in projects, efforts such as these serve to revitalize and preserve a sense of community. This speaks to a need for continued or more coordinated efforts of community crime prevention and criminal justice agencies to work with policymakers in the so-called "non-crime" area, especially housing authorities.

VIEW OF THE IVORY TOWER FROM THE HILL

By Ann Barry Flood

Over a twelve-month period in 1988-89, as a Fellow in the Robert Wood Johnson (RWJ) Health Policy Program, I was given the opportunity to leave the academic "ivory tower" environment at the University of Illinois to become a professional health staff member in the United States Congress. I had expected this change to afford me at last a glimpse of the real world but quickly learned that Washington in general and Congress in particular have a culture and perspective of themselves which makes the insularity and self-importance of academia pale by comparison--hence the inversion of adjectives in the title.

The RWJ Fellowship Program is administered by the Institute of Medicine, a branch of the National Academy of Sciences. Six Fellows are selected annually from among applicants put forward by health science campuses (primarily medical and nursing schools) across the country. In our group there were three physicians, one nurse and two unusual fellows: a veterinarian and me, a health service researcher with a particular interest in organizational and financial issues in health care delivery.

The content and structure of the

Program is designed to infuse information in both directions: from the health sciences to the Hill, in order to improve health policy, and from the Hill to health sciences campuses, in order to increase their involvement in and understanding of health policy at the federal level. To this end, the Program consists of two parts: a four-month training session and eight months working on the Hill or in the executive branch as a professional staff member.

The first four months of the Program were a fast-paced crash course designed to introduce us both to federal health policy and to the key policymakers. We met with over 150 people in seven major categories: professional groups, such as the American Medical Association; other lobbying groups, such as the AFL-CIO, business groups and the American Association of Retired Persons (AARP); think tanks, such as the Brookings Institution and Heritage Foundation; consulting groups performing health services research; major advisory groups and commissions such as the Institute of Medicine and the Physician Payment Reform Commission (PPRC); division heads throughout the executive branch including the White House and Department of Health and Human Services; and in Congress: committee and personal staff in the House and Senate and heads of the Congressional services: OTA, GAO, CBO, and CRS.

We also merged with the Fellows of the American Political Science Association for one month to attend their lectures on Washington politics more broadly. During this period we were set loose to find a position in either the executive or congressional branches for the remaining eight months. Due largely to my interest in working on financial issues in health care, I took a position on the Senate Finance Committee working with the Minority Staff.

Work on the Hill. Under the tutelage of Shannon Salmon, the chief Health Professional Minority Staff member of the Senate Finance Committee, I was quickly introduced to all parts of her job, participating in all of her meetings with various groups and being assigned portions of her job to "sink or swim" on my own, as she put it. I was responsible for preparing portions of the background materials, introductory statements and questions for Senator Packwood, the ranking Minority member of the Committee for most of the Committee hearings related to health issues. I was also responsible for preparing in-depth analyses and reports on the key health issues for the Committee staff, including preparation of a major bill on nursing home care. I got to do some of the "garbage work" too--such as meeting with or returning letters from constituents (especially from Senator Packwood's state) and helping to originate, find sponsors for, and write the Senator's statement for a bipartisan bill to create a "National Hospice Month"; (strangely enough, the Senator wrote about organizational aspects of hospices).

These opportunities provided several insights for me. I learned the extent to which the Senators rely on the staff--especially Committee staff--for being accurate, knowledgeable, totally subsumed into the background, and for making him look good in the short and long run. In one particular incident, I was preparing materials for a hearing on the catastrophic health bill, which at that time was being considered for partial or complete repeal. I uncovered a "subtlety" in the cost estimates of the bill, amounting to \$2 billion. I had to check multiple sources to be sure of my discovery and then try to prepare the Senator for revealing it at the hearing. Meanwhile several other major blow-ups were occurring in the area of trade and tax which demanded his attention, and he was unable to read my background

memo. When he asked the critical question at the hearing, following my recommendation, he did not fully understand the basic issue behind the \$2 billion miscalculation. The Majority staff were gasping at the disclosure but their Senators weren't. The witness (head of CBO) also was unaware of the problem in CBO's estimate and stumbled over the response. Ultimately, Senator Packwood got credit for this important revelation but in the meantime he was furious with me for losing the impact of the moment.

Three other observations came from these activities. First, as a life-long Democrat, I had my prejudices of Republican views of public responsibilities for the poor, for tax burdens by income level, etc. Working in a Committee where both Democrats and Republicans were basically moderate and pragmatic, I found myself impressed with the extent to which the Republicans held out for responsible government and public and private duties. For example, at a time when the Democrats were ready to change the revenue plans for catastrophic health coverage to please the loud voice of the wealthy elderly, it was the Republicans who clung to the principle of wealthy senior citizens paying more for catastrophic health coverage.

Second, I gained an appreciation of the difference between grandstanding by putting forward lots of bills which have no chance of being enacted versus negotiating a bill which can become law. The first is relatively easy and fundamentally hollow with respect to policymaking; the second is arduous and requires a delicate balance between getting credit for taking the hard path and giving credit to others to obtain their support. Within this process, I also learned the extent to which health policy gets literally subsumed into the budgeting process, almost always being incorporated into the Budget Reconciliation Act. Since the bill can be effectively rewritten at any stage, it is a continual battle to enact a law, with the staff motto being "It's not over till it's over."

Third, I learned that it's not over even when it is over. That is, a "law" once passed keeps bouncing back to Congress for help in refining or even repealing it altogether. Besides the catastrophic health act, I saw many arbitration sessions where the Committee staff--bipartisan if possible --served to "force" a resolution between a constituent group and the executive branch who had implemented the law without fully taking into account "Congressional intent."

Some Particular Projects and Observations. One of the major projects that I worked on was physician payment reform for Medicare, a topic related to my own research both past and present. Because of my own research and prior acquaintance with some of the PPRC commissioners and staff, I was able to work more closely with the Commission and was invited by them to present some of my own research and perspectives to the staff. Similarly, I was asked to brief the personal staff of minority members of the Committee as the Rockefeller-Durenberger bill progressed, and worked especially with the Durenberger staff to critique the policy effects of the various drafts of the bill. Watching this bill over the eight months let me see the interplay between the intellectual content of the policy and the cold realities of appeasement and accommodations and trade-offs to get the cooperation needed to get it out of the Committee and through the Senate. It was a fascinating roller coaster accelerating through strong crosswinds. I found myself pleasantly surprised about the extent to which real attention to public policymaking and responsibilities (including the willingness to make some politically gutsy choices as well as expedient ones) occurs even in this realpolitik arena.

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Editor: Anna I. Merritt

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DIRECTOR'S STATEMENT

by Robert F. Rich

The recent election provided the voters of Illinois with a set of choices at the state and local levels of government. Governor-elect Edgar and Cook County Board President Phelan represent significant change for the first time in many years. Along with this change comes the challenge of attracting talented people into state government and the challenge of creating organizational mechanisms which will allow our leaders to harness the resources which are available in Illinois. Both of these challenges represent human resource development issues for our newly elected officials. The recent Supreme Court decision (Rutan) limiting political patronage adds a new dimension to the challenge.

These problems are not new to the public service; they are, indeed, national problems of extraordinary significance. The Volcker Commission Report of 1988, entitled Leadership for America: Rebuilding the Public Service, points out that "Americans must draw upon talented and dedicated individuals to serve us in government....America must have a public service that can both value the lessons of experience and appreciate the requirements for change; a public service that both responds to political leadership and respects the law; a public service with the professional skills

and the ethical sensitivity America deserves. At the core of a professional public service is a strong and well-developed civil service system. Illinois has taken the opportunity provided by the release of the Volcker Commission Report to assess its own public service. In the summer of 1990 the Illinois Commission on the Future of Public Service was announced. This commission will release its findings and recommendations for state and Cook County government in December 1990; it will release its work on local governments in May 1991. Sam Gove, director-emeritus of IGPA, has served as a commissioner, and the institute has done some significant staff work for the commission in the preparation of background papers and in providing data to the commission.

The work of the commission is particularly appropriate because the state will experience, for the first time in this century, a completely new set of constitutional officers in early 1991.

Why is it difficult to attract talented people into state and county government? Some of the barriers that need to be overcome are: the negative image of state government, the perception that managerial innovation is neither appreciated nor rewarded, inflexibility in hiring and retention practices, and salary. The Rutan decision makes it even more important to reassess state personnel practices.

The second issue for our elected officials is development and implementation of organizational mechanisms which are designed to effectively utilize the resources available in Illinois. Among the most important resources are our universities and other academic institutions. The mechanisms that we need to look at include: greater use of the Intergovernmental Personnel Exchange Act which allows faculty to work in state government and state officials to join universities for one to three years; greater use of internship and fellowship programs; development of continuing education and training courses for government officials; and greater use of state government as a useful laboratory in which to conduct research and policy analysis. The fact that linkages between government and higher education are limited is not to be blamed on one party; clearly, both universities and government need to work on developing these relationships.

I believe that addressing these human resource problems is critical today when we need the most talented individuals to address such key policy issues as: reforming our tax system, improving elementary and secondary education, reassessing our school aid formula, solid waste disposal, developing effective tools for economic development, and improving our health care delivery system for the medically indigent.

FACULTY AND STAFF ACTIVITIES

RICHARD ARNOULD (affiliate, economics, UIUC) presented a paper titled "Utilization Control of HMOs" at the Second World Congress on Health Economics in Zurich, Switzerland, September 10-14.

CRAIG BAZZANI (affiliate, central administration) is working with a legislative commission that is studying the tuition policy at the state's public universities. Student tuition statewide now represents 40-50% of instructional costs, while a nominal Board of Higher Education policy presently in effect calls for tuition to approximate one-third of such costs.

PAUL BRACE (political science, UIC) was elected Secretary-Treasurer of the State Politics and Policy Section of the American Political Science Association; he was also elected Newsletter Editor for the Section. In addition, he presented two papers "Pooled Models of Dichotomous Choice: Comparing State Supreme Courts Over Time" and "Judicial Behavior in the American States: A Comparative Perspective" and served as a discussant on a panel dealing with urban economic development at the APSA meetings in San Francisco, Aug. 30-Sept. 2.

Professor BRACE is working on a book-length manuscript on politics and economic performance in the American states; he also has an article on this topic forthcoming in Journal of Politics. In addition, this past August he attended the Symposium on the Comparative Study of Judicial Behavior of the International Studies Association in London where he presented a paper entitled "Studying Courts Comparatively: Lessons From the American States." He was also a featured speaker at the meeting of the Jefferson Foundation Planners' Conference in Washington, D.C. on October 19-21; he spoke on the topic of political rights.

JAN K. BRUECKNER (affiliate, economics, UIC) has been named editor of the Journal of Urban Economics, effective January 1991. JUE is the leading journal in the field of urban economics. BRUECKNER also coauthored (with Nichola J. Dyer and IGPA faculty member Pablo T. Spiller) a working paper entitled "Fare Determination in Airline Hub-and-Spoke Networks" for the UIUC Bureau of Economic and Business Research.

JONATHAN CRANE (sociology, UIC) is beginning a major, long-term research project on the effectiveness of social programs for the poor. The project is divided into two stages. In the first, he will do an in-depth analysis of a number of programs which have been touted as outstanding successes. In the second, he will develop a database of social programs which have been formally evaluated.

In addition, Professor CRANE was recently named to the 18-member editorial board of The Chicago Reporter.

ROBERT FELNER was one of seven panelists who participated in a discussion on the state's human services at Sangamon State University on October 11. Sponsored by SSU's Institute for Public Affairs, the seminar was the third in the "After Thompson Round Table Series."

J. FRED GIERTZ attended a meeting of the Danish Commission on Security and Disarmament in Copenhagen on September 19, where he presented a paper, "United States Economic Policy." The paper is reprinted elsewhere in this newsletter.

SAMUEL K. GOVE (emeritus) is being honored by the UIUC College of Liberal Arts & Sciences which has established the Samuel K. Gove endowment fund. The college seeks to raise \$100,000 over the next three years. The program is intended to

endow graduate fellowships in political science, internships in state and local government and a revival of conferences devoted to public policy debates.

Professor GOVE is also being honored by Illinois Issues, which he helped create, with a legislative intern award program to be known as the Samuel K. Gove Hall of Fame. It was launched on November 14 at the Executive Mansion in Springfield with eleven inductees including Governor-elect Jim Edgar.

BOYD KEENAN (political science, UIC) and a group of U. S. environmental specialists as well as a UIC theater group spent ten days this summer at the "Save Lake Michigan, Save Lake Baikal Environmental/Ecological and Theater Festival" in Ulan-Ude, the capital of the Buryata Autonomous Soviet Republic of Siberia. Discussions during that visit led to a U.S.-Soviet agreement to exchange engineers and research.

GERRIT KNAAP (affiliate, urban and regional planning, UIUC) will soon have a book, The Regulated Landscape, published by the Lincoln Institute of Land Policy. Based on experience in Oregon, the book examines the influence of state land use planning on policy issues including urban growth management, housing, urban infrastructure, farm and forest land protection, and economic development. In a related paper, forthcoming in the Journal of Planning Education and Research, KNAAP examines the relationship between state-level planning and affordable housing.

In addition, KNAAP published a paper in Medical Care on the spatial distribution of physician services, and in conjunction with the new program in Health Economics, Management, and Policy, he has begun research on rural health care in Illinois.

DICK KOSOBUD (affiliate, economics, UIUC) participated as a discussant at a workshop on "Energy/Economic/Environmental Modeling for Climate Policy Analysis" on October 22-23 in Washington, D.C.

JIM KUKLINSKI (political science, UIUC) is currently involved in a collaborative effort to investigate the relationship between people's self-proclaimed ideologies and their racial attitudes. The national study is unique in that it incorporates experimental designs within the survey instrument. Other principal investigators include Paul Sniderman (Stanford), Henry Brady (Berkeley), Ted Carmines (Indiana), John Hurwitz (Pittsburgh), Mark Peffley (Kentucky), Bob Luskin (Texas), and Kathleen Knight (Houston). NSF provided funding for the study.

Professor KUKLINSKI and Norbert Schwarz, a psychologist at ZUMA in Mannheim, Germany, recently signed a contract with Cambridge University Press to complete a book on experimental survey research. In addition, The University of Illinois Press just published John A. Ferejohn and James H. Kuklinski, eds., Information and Democratic Processes.

GILL-CHIN LIM (affiliate, urban and regional planning, UIUC) traveled last summer through Hungary and Yugoslavia to study housing and urbanization in market and command economies. In August he participated in the "International Conference on Korean Studies" in Osaka, Japan, organized a "Seminar on Housing Politics: Comparison of USSR and Korea," and presented a paper on Chinese housing in "International Conference on Asian Development" in Seoul. He also co-edited a book, Dynamic Transformation: Korea, NICs and Beyond (with W. Chang), Consortium on Development Studies, 1990. 536pp. Professor LIM will leave the UofI in January to become dean

for International Programs and a professor in the Dept. of Geography at Michigan State University.

DAVID F. LINOWES (special adviser) recently heard that his book Privacy in America: Is Your Private Life in the Public Eye? has been adopted by the Consumers Union of the United States for its magazine Consumer Reports as one of its book club selections for the coming year. The book, released in April of last year, was published by The University of Illinois Press.

Professor LINOWES and his research associate, Ray C. Spencer, Ph.D. have coauthored an article entitled, "Privacy: The Workplace Issue of the '90s," for the law review of the John Marshall Law School.

THERESE MCGUIRE (school of urban planning and policy, UIC) attended the 46th Congress of the International Institute of Public Finance in Brussels, Belgium, August 27-30. The theme of the 1990 Congress was "Public Finance with Several Levels of Government." MCGUIRE and her coauthor, Teresa Garcia-Milá of the Autonomous University of Barcelona, presented a paper entitled "The Effects of Central Government Financing on Regional Government Expenditures in Spain." The paper has been chosen for publication in a volume to be edited by the Congress program organizer, Rémy Prud'homme of the University of Paris.

Professor MCGUIRE and RICHARD DYE (visiting from Lake Forest College) spent much of Summer 1990 working on a research project on state income and sales taxes. Their efforts resulted in a paper entitled "Growth and Variability of State Individual Income and General Sales Taxes." One of their more interesting findings is that, depending on structural design, state sales taxes can exhibit greater variation than state income taxes. The authors presented the paper at the

Illinois Economic Association meetings on October 12.

ANNA J. MERRITT (associate director), JIM WARD (affiliate, college of education, UIUC) and Linda Knibbs (assistant director of the Illinois Association of School Administrators) are organizing an Education Policy Assembly that will provide 120 invited participants an opportunity to work toward a consensus on issues relating to school funding and education reform. The assembly will take place in two parts: December 7-8, 1990 and February 1-2, 1991; both will be held at the University Inn in Champaign.

PETER F. NARDULLI (political science, UIUC) and his research assistants are engaged in a project concerned with the identification of substate regions in the 48 continental U.S. from 1828 to 1984. They use cluster analysis and a mapping program in conjunction with presidential voting data to identify regions. Once the regions are identified, many insights can be obtained into the structure of electoral change in the U.S. and the severity of regional cleavages as well as trends in those cleavages. When completed, this project will yield many new insights into the historical role of citizens in our democratic process, and provide a benchmark with which to gauge the current health of that process.

PABLO T. SPILLER (economics, UIUC) gave talks last summer at the NBER Conference on Industrial Organization, the Sixth World Meetings of the Econometric Society, the annual meetings of the European Economic Association, and the annual meetings of the European Association for Research in Industrial Economics. He also was the co-organizer of two conferences, one funded by the Fulbright Commission and CERES on Institutions, Transaction Costs Development. The second was the Fourth Carleton Summer Conference

on Industrial Organization.

Currently Professor SPILLER is engaged in two major research projects. One, on Rational Choice Models of the Supreme Court, funded by a grant from both the Economics and the Law and Social Studies Divisions of the NSF; this project is discussed at greater length later in this newsletter. The second major project, joint with Jan Brueckner, is on the role of hub-and-spoke systems in the deregulated airline sector. This project is partially funded by a Research Board grant.

NOREEN M. SUGRUE (visiting lecturer, UIUC) presented a paper entitled "Determinants of Self Perceived Risks for AIDS Among the General Population" at the August 1990 meeting of the American Sociological Association in Washington D.C. In addition, an article, "Determinants of Self Perception of Risk for AIDS," will appear in the December 1990 volume of Health and Social Behavior. Ms. SUGRUE also received a grant from the Illinois Department of Public Health to examine the policy implications of first and repeat births to teens and single young adults; this project is discussed in greater detail later in this newsletter.

TOM ULEN (law, economics, UIUC) was coauthor of an article in a series on "Tort Law and the Insurance Crisis" which received a 1990 Silver Gavel Award from the American Bar Association.

WILL WHITE (economics, UIC) presented a paper, "Changes in Hospital Market Shares Under the Medicare Prospective Payment System" (with David Dranove, University of Chicago) at the American Public Health Association meetings, New York, October 2. He is also principal investigator for a project entitled "A Risk Analysis of Payment Options for Psychiatric Care" with \$104,598 in funding from the National Institute of

Mental Health. Co-principal investigator on the grant is Maqbool Dada (Dept. of Information and Decision Sciences, UIC). The grant grew out of research originally funded by IGPA under a grant to Dada and described in IGPA working paper #11, Maqbool Dada, William D. White and Judith Cooksey, "The Medicare Prospective Payment System and Financial Risk."

NEW FACULTY

Seven new faculty members have joined the IGPA staff; three are on the UIUC campus and four are in Chicago.

MARCUS ALEXIS is University Professor of Economics and Public Policy. Prior to joining IGPA this fall, he was dean of the College of Business Administration (UIC). Prof. ALEXIS is chairman of the Federal Reserve Bank for the Chicago region as well as chairman of the Chicago Metropolitan Planning Council, which is studying the issue of a third airport. He is also former chairman of the Federal Interstate Commerce Commission.

PAUL BRACE, who had been at New York University since 1986 and was at Colorado State University from 1982 to 1986, has a joint appointment in the institute and the Department of Political Science (UIC). He received a B.S. from the University of Oregon in 1976 and a Ph.D. in 1982 from Michigan State University. His fields of interest include American government, evaluation research, fiscal federalism, organization theory, and politics of public bureaucracy, as well as econometrics and general statistics.

JONATHAN CRANE has a joint appointment in the institute and the Department of Sociology (UIC). He received his B.A. in 1981 from Harvard and a Ph.D. in Public Policy from the John F. Kennedy School of Government at Harvard in 1988. In 1988-89 he was a project director at

the Malcolm Wiener Center for Social Policy in Cambridge, Massachusetts. Recent publications by Professor CRANE have dealt with the epidemic theory of ghettos, the pattern of neighborhood effects on dropping out and teenage childbearing, and recent trends in family structure.

ROBERT D. FELNER accepted a joint appointment with IGPA and the School of Social Work (UIC) in late summer, effective for the fall semester. Professor FELNER received a B.A. in Psychology from the University of Connecticut in 1972 and a Ph.D. in Psychology from the University of Rochester in 1977. He came to the University of Illinois in 1986. Between 1987 and 1990 he was director of the Graduate Program in Clinical/Community Psychology and associate head of the Department of Psychology. Professor FELNER has taught at both Yale University and Auburn University and since 1989 has been director of the Center for Prevention Research and Development, which is funded by the state of Illinois. Professor FELNER recently received a major grant from the Harris Foundation and has several other grants, including funds from the U.S. Alcohol, Drug Abuse, and Mental Health Administration, the Illinois Dept. of Alcoholism and Substance Abuse, and the National Institute of Mental Health.

CEDRIC O. HERRING has a joint appointment with IGPA and the Department of Sociology (UIC). He had been at Texas A&M since 1985, the year he received his Ph.D. from the University of Michigan. He has a B.A. in Sociology from the University of Houston-University Park (1980). Professor Herring's research interests are in the areas of political sociology, stratification and inequality, the sociology of black Americans, and social movements.

JAMES H. KUKLINSKI has a joint appointment in IGPA and the

Department of Political Science (UIUC). He has been at the UofI since 1983 and was assistant director of the university's Survey Research Laboratory from 1984 to 1990. He received his B.S. from the University of Wisconsin at Madison in 1968 and a Ph.D. in Political Science from the University of Iowa in 1975. His primary areas of research are political representation and democratic theory, political psychology, public opinion and political attitudes, and Congress.

PABLO SPILLER has a joint appointment with the Department of Economics (UIUC). He has been William B. McKinley Professor of Economics and Public Utilities at the University of Illinois since 1987. Professor Spiller was born in Montevideo, Uruguay, attended the Universidad de la Republica in Montevideo, received both a B.A. (in 1974) and an M.A. (in 1976) in Economics from Hebrew University in Jerusalem, and a Ph.D. in Economics from the University of Chicago in 1980. He has been a consultant with the Central Bank of Uruguay, with the World Bank, and with the Bureau of Economics at the Federal Trade Commission, has taught at the University of Pennsylvania and Stanford University, and was a senior research fellow at the Hoover Institution. His research focuses on industrial organization, political economy, the economics of regulation and antitrust, and regulatory issues in developing countries.

IGPA VISITOR

RICHARD DYE will spend the year at the institute's Chicago office during his sabbatical leave from the Department of Economics and Business at Lake Forest College. He will be focusing on state and local public finance especially as it relates to economic development.

NEW IGPA AFFILIATES

In addition to its regular faculty and staff, which now number twenty-five, IGPA each year invites a number of faculty members on both campuses to join the institute as affiliate members; (persons who do not have faculty status at the university may be asked to join as "adjunct" members). Since last spring three faculty members have become institute affiliates, bringing the total number of affiliates and adjunct members to seventeen.

CRAIG BAZZANI is comptroller and UI vice-president for business and finance. Mr. Bazzani has been in his present position since 1983 and came to the university as executive assistant to the vice-president for administration in 1977. From 1973 to 1977 he was with the Illinois Bureau of the Budget.

GREG DIAMOND, a member of the Dept. of Political Science (UIUC), came to the University of Illinois in fall 1990 from the Dept. of Psychology at the University of Michigan. He is interested in environmental issues as well as problems in the area of public health.

RICHARD M. PECK has been with the Dept. of Economics (UIC) since 1982, except for 1987-88 when he was a visiting assistant professor at Washington University in St. Louis. He received a B.A. from Oberlin in 1976 and a Ph.D. from Princeton in 1983. One area of research interest is the effects of airline deregulation.

ASSOCIATE DIRECTORS

Two administrative changes were made in IGPA during the summer. Paul Quirk became associate director for the Chicago office. This is a rotating position with a three-year term, and is to be held by a senior faculty member. The associate director in Chicago will

be concerned with institute programs and external relations. The other change is on the Urbana campus. In late summer 1990 Anna Merritt was named associate director for administration and public service. In this position she will continue to oversee the day-to-day operation of the two offices, as well as the budget and finances of the institute; in addition, she will take on the task of coordinating and implementing IGPA's public service program.

NATIONAL ADVISORY COMMITTEE

The IGPA National Advisory Committee met on November 1-2 at the Palmer House in Chicago. The meeting began with a dinner at which Professor Robert Sprague spoke about scientific misconduct; he is with the Institute for Research on Human Development at UIUC. During the day-long meeting on November 2, J. Fred Giertz talked about the Office of Fiscal and Regional Development Studies and Ann Flood discussed some research results from her health policy studies. In the afternoon Anna Merritt presented the design and outline for an institute brochure that she and the university Office of Publications are working on.

The present members of the National Advisory Committee are:

Wallace Oates (Chairman), University of Maryland
Effie Ellis, M.D., Chicago
Amitai Etzioni, George Washington University
Elizabeth Loftus, University of Washington, Seattle
David Paulus, First National Bank, Chicago
Judith Paulus, Citicorp, Chicago
Robert Perloff, University of Pittsburgh
Michael Preston, University of Southern California

Adlai E. Stevenson III, Mayer, Brown
& Platt, Chicago
Donald Stokes, Woodrow Wilson
School, Princeton, N.J.
Michael Tristano, Unisys, McLean
Virginia

IGPA SPEAKERS

On October 17 Theodore R. Marmor spoke on the Chicago campus about "Canadian National Health: Lessons for the United States." Professor Marmor is professor of public management and political science at Yale University. His talk was part of the institute's Lecture Series in Health Policy.

JOHN R. BLOCK presented the annual IGPA Paul H. Robinson Public Policy Lecture on November 15 at the Levis Faculty Center on the Urbana-Champaign campus. He spoke on "Agriculture: A Hostage of Interdependence." His talk was cosponsored by the College of Agriculture and the College of Commerce. Mr. Block served from 1981 to 1986 as Secretary of the United States Department of Agriculture. He is presently the president of the National-American Wholesale Grocers' Association (NAWGA), based in the Washington, D.C. area. The association represents the wholesale grocery and food service distribution industry in the U.S., Canada and overseas. Prior to being named Secretary of Agriculture by President Reagan, he served for four years as Director of Agriculture for the state of Illinois. He was one of four remaining Cabinet Officers from the original Reagan Cabinet at the time of his resignation.

Mr. Block was introduced by Paul Robinson, former U.S. ambassador to Canada and a UofI alumnus.

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WORKING PAPERS

The institute's working papers series provides an outlet for IGPA-sponsored research (although any member of the University of Illinois staff may submit a manuscript for consideration). In contrast to Policy Forum, the institute's other regular publication which is designed for a wide readership, the working papers are fairly technical and "academic." Three working papers have appeared since our last newsletter:

Working Paper #12: "Dual Markets and Dual Products: The Medicaid Participation Paradox," by James W. Fossett (SUNY at Albany) and J. Fred Giertz (IGPA and Economics, UIUC).

Abstract: Conventional economic models of physician decisions to participate in Medicaid predict that increased competition among physicians should increase physician acceptance of Medicaid patients and result in greater integration of these patients into "mainstream" medical care. Empirical research, however, has consistently found strong negative relationships between physician competition and Medicaid participation and equally strong positive relationships between competition and the concentration of Medicaid patients in large specialized Medicaid practices. This article presents an alternative model that views physicians as multiproduct firms producing services with interrelated demands. This alternative model produces predictions consistent with empirical findings on the effects of competition on Medicaid participation and the degree of patient specialization among physicians.

Working Paper #13: "Bureaucracy, Altruism, and Monetary Policy," by John B. Cribfield (IGPA and Agricultural Economics, UIUC) and John H. Wood (Wake Forest).

Abstract: This paper explains the

purchases of assets by the Federal Reserve and its creation of the monetary base in terms of an objective function incorporating bureaucratic and social goals. Using annual data spanning the Fed's history, we find that social objectives--particularly interest rate stability--have increasingly dominated Fed policy, whereas bureaucratic objectives have become less important. We find no support for the claim that bureaucratic incentives have imparted inflationary bias to monetary policy; in fact, the opposite may be true.

Working Paper #14: "Comparing the IMPLAN and REMI Models Using Indirect Bench Marks of Performance," by Harrison S. Campbell (IGPA) and John B. Cribfield (IGPA and Agricultural Economics, UIUC).

Abstract: The REMI and IMPLAN models are widely-used approaches to estimating economic impacts for small regions. However, few bench marks exist for assessing these estimates. This paper evaluates the relative performance of these models in terms of a given impact: the opening of an automobile assembly plant in Illinois. Using several indirect criteria of performance, neither model is found to be clearly superior to the other.

REAL PROJECT

Through an agreement with the Federal Reserve Bank of Chicago, IGPA established the Regional Economic Applications Laboratory (REAL) in 1989 with Geoffrey Hewings (IGPA affiliate and Dept. of Geography, UIUC) as its director; associate director is Philip Israilevich from the Federal Reserve Bank. Ram Mahidhara (IGPA) and Robert Schnorbus (IGPA affiliate), both at the Federal Reserve Bank, are senior researchers on the project. The lab was formed with the intent of

providing high quality analytical modeling capability at modest cost to individuals, public and private corporations and federal, state, and local government agencies interested in urban and regional economic development. Its major goal is to create a set of integrated analytical models of the Illinois economy. Three models are available: input-output models for both Chicago and Illinois as well as a Chicago region econometric input-output model. Completed projects include an examination of the nature of the linkages among high-technology firms in the greater Chicago region and a study of airline efficiency and network structure. A current project attempts to specify the nature and character of regional labor markets focusing on labor force participation, occupational structure, and anticipated changes over the next 10-20 years.

AMERITECH FELLOWSHIP PROGRAM

The Ameritech Fellowship Program has now been in existence for four years and is well established on both campuses of the University of Illinois.

It focuses on two basic goals of the Ameritech Foundation, which is funding the program: promoting public policy research on economic development and revitalization issues in the Midwest and encouraging research on economic regulation and its effect on the economy, especially the telecommunications industry. The program has consisted of three major components: a visiting fellowship program, a research program (primarily to promote the research of current university faculty), and a lecture series.

Lecture Series. During the fall 1990 term the Ameritech Fellowship Program, in cooperation with the Illinois Seminar on the Political Economy of Institutions of the UIUC Department of Economics, is

sponsoring a lecture series entitled The American Lecture Series on Regulation. It is organized and coordinated by Pablo Spiller, McKinley Professor of Economics and Public Utilities at the University of Illinois at Urbana-Champaign and a new member of the IGPA staff. The lectures presented in the series were:

9/10/90: Ian Novos, "Learning by Doing and the Structure of the Firm," University of Southern California

9/24/90: Tim Bresnahan, "Empirical Models of Production Smoothing," Stanford University

10/8/90: Frank Wolak, "The Econometrics of Incentive Regulation," Stanford University

10/22/90: Jan Brueckner, Nichola Dyer and Pablo Spiller, "Fare Determination in Airline Hub-and-Spoke Networks," University of Illinois

11/5/90: Susan Smart, "Telecommunications Regulation," Indiana University

11/19/90: Ian Gale, "Capacity Auctions," University of Wisconsin

12/3/90: Gary Miller, "Incentives in Organizations," Washington University at St. Louis

Visiting Fellows. The visiting fellows are nationally recognized scholars and practitioners who are invited to the University for a period of several days. The major contribution is a set of lectures designated as the Ameritech Lectures in Public Policy.

The Ameritech Distinguished Visiting Fellow for spring 1990 was Scott Fosler, vice president and director of government studies for the Committee for Economic Development. CED is a national public policy organization comprised of 250 top corporate executives and university presidents.

He is an expert on regional economic development issues and has written extensively in this area. The New Economic Role of American States, which he edited, was published in 1988. Mr. Fosler is a Senior Fellow of the Institute for Policy Studies at Johns Hopkins University and a fellow of the National Academy of Public Administration. Mr. Fosler's lecture, "Demographic and Economic Trends: A World View From Chicago," has been published by IGPA and is available from the institute's Urbana office.

The Ameritech Fellowship Program also presented a special lecture by Susan C. Stone, a former member of the Illinois Commerce Commission. Her talk, "The Realpolitik of Regulation: A View From the Cauldron," is also available from the IGPA-Urbana office.

EXECUTIVE TRAINING FOR CHICAGO CITY OFFICIALS

IGPA and the Government Assistance Program of the Chicago Community Trust co-sponsored the second Executive Management Training Seminar for senior-level administrators in the city of Chicago on October 9-11. The seminar was held on the University of Illinois Urbana-Champaign campus and was organized by IGPA director Robert F. Rich, associate director Anna J. Merritt, and Christine Lidbury, project coordinator and a graduate fellow at the institute. The program, which costs nearly \$1,000 per participant, was available to city departments and agencies at a substantially reduced rate through tuition supplements provided by GAP. Mayor Richard M. Daley, in a letter endorsing the program wrote, "I commend the University of Illinois and The Chicago Community Trust for designing this program which addresses the unique needs of Chicago City Administrators."

Attending the October seminar were 25 senior-level administrators representing the Chicago Park District, Chicago Housing Authority and 14 city departments.

During the two and one-half day program, participants attended four seminars addressing a variety of complex management and policy issues facing city administrators. Delorese Ambrose, a consultant on planned change and assistant professor of management at Carnegie-Mellon University's School of Urban and Public Affairs, led the group through management development exercises which focused on leadership issues in the changing and uncertain public sector environment. Frederick Winter, head of the Department of Business Administration at the University of Illinois at Urbana-Champaign, used the basic tenets of marketing practice to design strategies for the public sector including models to select target markets and facilitate service delivery. A session on performance budgeting conducted by James Chan, director of the Office for Governmental Accounting Research at the University of Illinois at Chicago, used Chicago's Corporate Budget to examine budgetary frameworks as a method of analyzing productivity, efficiency, and performance. Peter Feuille, a professor of labor and industrial relations at the University of Illinois at Urbana-Champaign, used case studies to examine the practical problems facing public sector managers in a unionized environment.

In addition to the daytime seminars, participants attended two evening events. Dr. David Linowes, chairman of President Reagan's 1987-1988 Commission on Privatization, discussed the commission's finding that many programs and activities currently operated by the federal government could be more effectively managed through greater private sector involvement. Jean Franczyk, director

of the Illinois Commission on the Future of Public Service (also an initiative of the Trust's Government Assistance Project) briefed participants on the commission's current activities, findings and plans for the future. Following the briefing Ms. Franczyk led participants in a discussion of the complexities of their tasks as public sector executives and solicited insights and suggestions to guide the commission in its deliberations.

Evaluations of the program provided both during the seminar and at the seminar's close gave outstanding overall ratings. Participants noted repeatedly the relevance of the topics to their jobs as public sector administrators. Many participants highlighted the opportunities to exchange ideas and learn from one another, as well as the benefits of meeting with colleagues from other agencies, many of whom they knew by name, but not by face. One participant noted: "The benefit of this program was the ability to take time out from the normal routine to think about management and how to apply it."

RATIONAL CHOICE MODELS OF THE SUPREME COURT

by Pablo Spiller

This project extends the approach to congressional and regulatory institutions developed by Shepsle and Weingast by introducing an ideologically motivated Court. In this framework the Court is constrained more by the nature and composition of the other branches of government than by the traditional legal rules of precedent. Our model yields several empirical and econometric modeling implications. In one of the papers I am currently working on, I test this model in the framework of analyzing the Court's industrial labor relations decisions. In particular, the econometric counterpart of the theoretical model for a single-

dimensional policy issue is a three regimes switching regression model with uncertain separation criteria. This econometric model is particularly useful to ascertain: a) the determinants of the Supreme Court's preferences (i.e., how politically motivated the justices are, the weight justices give to precedent as well as to the decisions of the administrative agencies); b) how, in an ordinal index of political preferences, the Court's preferences are related to those of the relevant members of Congress; c) the probability that at a given period in time the Court was actually constrained in its choices by Congress; d) how changes in the political composition of Congress impact upon the pro-union bias of the Court.

The study of the Supreme Court's decisions concerning the interpretation of the NLRA is particularly interesting as it is commonly believed that since World War II Congress has not interfered too much with the NLRB nor with the Court. Thus, our methodology can shed some light on whether this was because Congress was unable to achieve a policy different from what the Court has laid down, or because the Court was actually constrained by Congress.

Preliminary estimates of a model explaining the Court's annual pro-union labor decisions in cases related to the implementation of the NLRA suggest that the Court was constrained by Congress over at least half of the period. It also reveals that a 10 point increase in the relevant members of Congress ADA rating, or in the imputed ADA rating of the Supreme Court, increases the probability of a pro-union decision by more than 7 percentage points. Third, the estimates show that the imputed political preferences of the Court seem to be well explained simply by its political composition. Finally, while simple, our model is a relatively good predictor of the Court's decisions, and is superior

to a simple Nash-bargaining model without institutional content. We also find that the Court does not defer to the NLRB any more than it defers to any other lower Court, thus, theories of administrative law based on deference to administrative agencies do not receive support from our framework.

POLICY IMPLICATIONS OF REPEAT BIRTHS

by Noreen M. Sugrue, Project Director

Since the 1970s the percent of females having their first child before their 20th birthday has been declining. This has been heralded as a good sign, for we know that having a child while still a teenager is highly correlated with welfare dependency and dropping out of school. While the percent of teenage girls has been declining since the 1970s, recently the birth rate for teenage girls has been increasing. That tells us that while fewer teenage girls are having children, those having children are having more than one. In other words, multiple parities among teens has become more common.

In order to better describe and understand the teens who are having multiple parities, the Illinois Department of Public Health and the University of Illinois have undertaken a project to analyze vital records data from the 1980s. A basic purpose of the project is to describe the social demographic characteristics of the girls who are having more than one child and to examine the differences between the girls who have more than one child while a teenager and those teens who have only one child. Based on the data analyses, policy options for addressing the issue of repeat teenage pregnancies will be explored.

This project will sponsor a one-day invitational conference at which academic, governmental, and private sector experts will discuss the findings

and their policy implications. A follow-up policy monograph will be presented to the new governor's transition team. This monograph, a joint product of the Illinois Department of Public Health and the University of Illinois, will contain summaries of the data analyses, as well as discussions and analyses of policy options.

PAYMENT OPTIONS FOR PSYCHIATRIC CARE

by Will White

Psychiatric hospitals and qualified psychiatric specialty units in general hospitals are currently exempt from Medicare's DRG (Diagnosis Related Group) based Prospective Payment System (PPS). Under a recently funded National Institute of Mental Health grant, IGPA's William D. White, associate professor of economics, UIC, and Maqbool Dada, assistant professor, Department of Decision Sciences, UIC, are exploring the possible financial risk implications of extending prospective payment to these providers.

Presently, Medicare reimburses exempt psychiatric providers on the basis of their actual costs. As higher costs yield higher revenues, incentives to cut costs are limited. Under Medicare PPS rules, with some adjustments, providers would be paid a flat amount per patient treated based on the patient's DRG and the average cost of treating patients in that DRG nationwide. The notion is that by breaking the link between reimbursement rates and individual hospitals' costs, incentives could be created to increase efficiency.

However, a number of generic problems exist with prospective payment which are particularly severe for psychiatric services. One of the major justifications for exempting psychiatric providers has been that there are unusually high levels of

random variation in treatment costs from patient to patient within psychiatric DRGs. As a result, adopting prospective payment could place providers at an unusually high level of risk for large losses in any given year due to random cost variations, potentially leading to inefficient behavior and an inequitable distribution of financial risk. Sharp differences in average case mix between different types of psychiatric providers (e.g. general versus specialty hospitals) and potential strategic behavior by providers raise additional issues.

Several types of changes in PPS payment rules have been proposed to address these issues. Suggested changes include calculating DRG payments separately by provider type and changes in "outlier" payment rules. White and Dada focus on changes in outlier payment rules.

Under PPS rules, providers are reimbursed a percentage of their actual costs for patients whose unusually high treatment costs makes them "outliers" compared to other patients in their DRG. In effect, this amounts to a form of reinsurance against usually costly patients. Using simulation techniques and data on individual patient treatment costs provided by the National Institute of Mental Health for Medicare psychiatric discharges in 1985, White and Dada are examining two basic questions. First, what would be exempt providers' expected long run profitability and their likelihood of experiencing losses in a given year if current Medicare PPS rules were applied to them assuming the patient mix in 1985? [Unfortunately, more recent data appropriate for this study are not available.] Second, how might more generous outlier payment rules affect provider exposure to financial risk?

Past simulation studies exploring these questions have focused on the implications for hospitals' long run

expected profitability. In addition to looking at expected profitability, White and Dada are examining financial risks associated with short run random variations in costs using two additional measures of risk: break-even probabilities and reserve ratios. In their simulations, they also make use of a new statistical technique, bootstrapping. This allows them to avoid making potentially inappropriate distributional assumptions in their analysis.

Finally, past studies looking at modifications in outlier payments assume compulsory systemwide changes in rates. In order to be budget neutral (i.e., not increase total PPS payments), more generous systemwide outlier payments must be accompanied by reductions in fixed DRG payments. This can lead to transfers from low-cost hospitals to high-cost hospitals, potentially increasing cost pressures on efficient providers while reducing them for inefficient providers.

White and Dada are exploring the use of voluntary reinsurance as a way of addressing this problem. By exploring alternative payment options and providing a better basis for assessing the financial risk implications of prospective payment, their overall goal is to contribute to a better understanding of how prospective payment might work to equitably and efficiently contain the cost of psychiatric services.

U.S. ECONOMIC POLICY by J. Fred Giertz

[Editor's note: The following is an excerpt from a statement presented at a meeting of the Danish Commission on Security and Disarmament held in Copenhagen September 19, 1990.]

When I was invited to participate in this seminar approximately three months ago, I planned to characterize

the American economy in the following way:

(1) After 8 years of expansion (the longest in U. S. history), the American economy shows no signs of imminent recession. There is widespread feeling (similar to the 1960s) that recessions can be avoided with appropriate government policies. (As an example of this confidence, the U. S. stock market reached an all time high in mid July.)

(2) The end to the cold war presents an unusual opportunity to use the resources freed up from reduced military spending, i.e., "the peace dividend," to address important societal issues.

(3) There is considerable hope that progress can be made to reduce the lingering federal budget deficit problem in the United States. The combination of economic growth and the peace dividend promises to provide resources to address this situation.

(4) The issue of energy costs and availability is of relative minor importance in the domestic and international economy of 1990 in contrast to the situation in the 1970s and early 1980s.

As you all know, this view of the American economy is hopelessly out of date. There is considerable concern that the U. S. economy is headed for at least a minor recession--unemployment is up, consumer confidence is weak, higher energy prices are a concern, and the stock market has declined about 15 percent in the last two months. The Iraqi invasion of Kuwait and the American response has put an end, at least temporarily, to the discussion of the peace dividend. The problem of addressing the deficit now is much more difficult because of slower growth and greater military spending. (Recent forecasts for next year's deficit are

almost twice as large as those made earlier in the year.) Finally, energy policy questions have obviously taken on great importance of late.

The Competitiveness Problem

While many circumstances have changed dramatically in recent weeks, the overriding issue concerning the American economy has remained the same for the last few months and even the last decade. This is the issue of economic competitiveness or how to sustain vigorous long term economic growth. This issue is also clearly of paramount importance in the economies of Western Europe including Denmark. The fact that the American economy is still by far the largest in the world and still among the most productive in per capita terms has not reduced this concern. It is also an issue that is unusually difficult to address politically because of the long term nature of the problem and possible remedies.

This concern stems from the fact that economic growth has not been robust the last 15 years. In the post-World War II period (from 1948), the U. S. business sector grew at a healthy 3.2 percent. However, the growth rate from 1948 to 1973 was 3.6 percent while the rate of growth from 1973 to 1987 was only 2.5 percent. (This seemingly small growth rate differential is of considerable importance because of the compounding effect. At a 3.6 percent growth rate, output will double every 19.6 years while it will take 28.1 years to double at the lower rate.) Even though the growth rate has increased somewhat in recent years (with the rate of GNP growth in the U. S. exceeding most other industrialized countries the last five years) with employment growth the envy of many other countries, the sense of dissatisfaction continues.

Americans are not comfortable with a

level of wealth that would be considered phenomenal by either historical standards or by current comparisons with much of the rest of the world. The twin deficits--the federal budget imbalance and deficit in international trade--are constant reminders of this concern as is the fear that we are losing the margin of economic superiority, especially to the Japanese, that we have enjoyed for many years. There is also a latent fear that Europe after 1992 will further weaken the American position.

Policy Options

The appropriate response to this problem of maintaining economic competitiveness is clearly the most important long term economic policy question facing the United States. It is also a highly controversial one. Unfortunately, the factors that affect the rate of economic growth for countries and regions are not well understood. In fact, there is no single satisfactory explanation for growth patterns. Economic growth seems to be the result of a complex interaction of a variety of different factors (e.g., demographics, capital accumulation rates, tax policies, etc.), no one of which is dominant. As a consequence, there are a wide range of policy prescriptions to promote economic competitiveness. Some of these (such as a retreat to economic isolation and protection) are clearly wrong, but others are more difficult to assess. Two general responses are possible.

(1) It has been suggested that things may not be as bad as they seem. The rate of real per capita economic growth the last 15 years is approximately the same as we experienced over the last 120 years. The decline in the growth rate in the 1970s is partially explained by demographics and by environmental regulations and energy shocks and is not a fatal flaw in the system. Other countries have experienced similar declines. Furthermore, the choice of

relatively high levels of consumption at the expense of investment may be a quite rational choice for a highly developed, rich economy such as the U. S. The end of the cold war and the failure of the eastern bloc economies puts less pressure on the American economy as an instrument of international relations and provides a wider range of domestic choices.

(2) A substantial (and influential) segment of the American population seems unwilling to withdraw from the international economic competitiveness race. Some feel it is a matter of national pride while others believe that continued vigorous growth is necessary to provide resources to meet a variety of domestic problems. A wide range of often conflicting policies have been put forward to address the problem. They range from conservative prescriptions involving deregulation and tax cuts to highly interventionist approaches calling for a comprehensive national industrial policy. State and local governments in the United States have also become important participants in attempting to promote economic development including unprecedented interregional competition for new industry.

Capital Formation and the Deficit

A key feature of most plans is the emphasis on capital formation. There are strong theoretical reasons to believe that increased levels of current investment will lead to higher rates of growth in the future. Some of this can be accomplished by the government through infrastructure improvements and by human capital development through education and other training programs. However, much of the focus remains on physical capital accumulation in the private sector and on the seemingly low rate of savings and private investment in the American economy. The U.S. national savings rate in the 1980s was considerably lower than in the prior 30 years (3

percent of GNP versus 8 percent). Much of this decline has been attributed to the dissaving by the federal government through persistent deficits. Government borrowing to finance deficits has driven up real interest rates and reduced private investment. Investment rates in the U.S. have not fallen as dramatically as savings because of the infusion of foreign funds creating the other deficit of the 1980s--the trade deficit.

While a variety of measures have been suggested (e.g., a capital gains tax cut) to address the low savings and investment rate, there is general consensus that the most important thing to be done is to reduce substantially the size of the federal deficit. The federal government has run persistent deficits for several decades (the last surplus was in 1969), but they became extremely large in the 1980s. A major tax cut at the beginning of the Reagan administration in 1981 was not matched by corresponding spending cuts nor did it generate sufficient growth to avoid massive deficits (5% of GNP or 20% of federal expenditures). A recession in the early years of the decade aggravated the problem. Large deficits have continued through the 1980s despite many attempts to address the problem.

The question arises as to why more progress has not been made in reducing the deficit. The failure to deal with the deficit is basically a political, not an economic problem. By international standards, the United States is a relatively low taxed country where a modest tax increase could substantially reduce the deficit, yet such an increase has never been approved nor has the alternative of spending cuts. The reason for inaction seems to be that the deficit creates few short term problems. Before the Keynesian revolution in the 1930s, the belief that deficits would eventually lead to insolvency provided a considerable fear

of the inflationary impact of deficits provided restraint. However, the lesson of the 1980s in the United States is that large deficits and low levels of inflation can be achieved through the appropriate use of tight monetary policy. (However, this combination of a tight monetary policy and easy fiscal policy is a recipe for high interest rates, low savings, and slow growth.) Likewise, the 1980s show that deficits do not necessarily lead to a cyclical crisis or catastrophe--either runaway inflation or depression.

The realization that deficits need not lead to insolvency, runaway inflation, or economic crises makes it more difficult politically to address the problem. The political problem can be stated in the following terms: The benefits of reducing the deficit are long term in nature resulting in higher rates of economic growth and a higher

standard of living for future generations. The political costs of reducing the deficit are immediate for politicians since higher taxes or reductions in public programs are likely to be unpopular. Because of the nature of political life, the time horizon is short--often no further than the next election. Expediency has won out for understandable reasons.

Prospects

There is still hope that something can be done about the deficit in the United States. Negotiations between the two parties are currently underway to draft a compromise of tax cuts and spending reductions. There is a growing awareness of the pervasive nature of the problem and also an increased willingness to reach an accommodation. Note President Bush's retreat from his promise of no new taxes. An efficient package of tax increases and spending cuts would include taxes that fall most

heavily on consumption with infrastructure and education programs being spared.

Unfortunately, recent events have made deficit reduction more difficult. We can no longer count on the peace dividend (at least in the near term) to reduce the deficit and the recent slowdown in the economy has further reduced revenue growth. In addition, there is fear that reducing the deficit at this time might have a short run macroeconomic effect of further aggravating the downturn. However, these reasons are not sufficient to delay action. We should have dealt with the problem years ago. There is never a good time to raise taxes or cut back on popular programs. Possibly the wave of popular support at home for U. S. policies in the Middle East (and the quasi wartime footing) might provide the foundation to finally do what has to be done.

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DIRECTOR'S STATEMENT

by Robert F. Rich

In November 1990 the citizens of Illinois elected an entirely new set of constitutional officers. At the same time, a new board president was elected in Cook County. With these changes in government, it seems a very good time to examine the role of policy research and analysis--what it has been and what it should be. At IGPA we believe that we can play an important role in helping to define what policy research can and should be.

Those who have used the term "policy sciences" have in all likelihood been stretching the meaning of the term "science." Indeed, it may even be misleading to conceive of policy studies as being representative of science. Policymaking does not lend itself to causal modelling or causal reasoning. The process and substance of policymaking is often unpredictable, at least in the sense that scientists tend to think of the term "prediction." The political world does not offer the kind of laboratory in which one can replicate the conditions under which previous policy actions were taken; moreover, different results can emerge from a set of conditions which appear to be similar, even identical. Consequently, policy researchers who aspire to joining the scientific disciplines suffer from the fact that they are focusing on phenomena and behaviors that cannot easily be

explained through causation and many of our research results are not replicable.

At the same time, it should be stressed that we are not limited to simple descriptions of political or economic actions. As a field, policy studies need to aspire to explaining what has happened and to measuring the impacts of programs and policies that have been enacted by our elected officials. It is not sufficient to focus on the outputs of the policymaking process: budgets, programs, regulations, executive orders, etc. To be sure, these outputs are important and should be documented. However, the greatest challenge for policy research and policy analysis is to understand and explain outcomes. What has been the impact of a particular program or policy on the citizens of Illinois, the Midwest, and the nation? What conditions or factors seem to be associated with the success of a policy initiative? Why have some initiatives failed?

Researchers at IGPA are addressing a variety of impact questions: To what extent has airline deregulation worked, why, and who has been most affected by these changes? If there has been an increase in the rate of teenage pregnancy and of repeat births to teenagers, what impact does this have on the AFDC system, on the educational system, and on the public health system? For example, if teenage mothers tend not to finish high school,

what impact will this have on the future workforce, especially given the fact that more and more women are entering the workforce?

Policy research should also be concerned with medium and long-range impacts of policies and programs. For example, most states have adopted economic development policies designed to attract and retain industries. Will the incentive packages that have been offered to industries contribute to long term economic growth? Can we show that the incentive packages are associated with the creation of new jobs?

In addition to focusing on impacts and outcomes, the policy studies field should also focus on developing appropriate impact measures, as well as on how these measures will be used. For example, is job creation the appropriate impact measure for state economic development initiatives? If one is interested in helping children and families "at risk," what are the appropriate measures? Presumably, public policy is oriented toward preventing behavior that increases risk. How do we measure the success of policies designed to address this issue?

Policy studies can and should make an important contribution to the development, implementation, and evaluation of policy initiatives. This goal can be realized, in part, by focusing on outcomes and impacts.

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FACULTY AND STAFF ACTIVITIES

PAUL BRACE attended the annual meeting of the Southern Political Science Association in Atlanta in October where he chaired a round table on theoretical developments in the study of public law; he also served as a discussant on a panel concerning political parties in the American states. The February 1991 issue of Legislative Studies Quarterly contains an article by BRACE, Ron Weber, and Harvey Tucker: "Vanishing Marginals in State Legislative Elections."

In March BRACE will attend the annual meeting of the Western Political Science Association in Seattle where he will present a coauthored paper on state courts and another on presidential influence in Congress. In April he will attend the annual meeting of the Midwest Political Science Association where he will co-present a paper entitled "The Structure of Presidential Activity and Support," which has been accepted for publication in the Journal of Politics.

Professor BRACE also completed the Chicago Marathon in 3:03.47 last fall.

JAN K. BRUECKNER (affiliate, economics, UIUC) presented two papers in December at the Econometric Society meetings in Washington. He also received an NSF grant (jointly with Pablo Spiller) for research on airline hub-and-spoke networks.

HARRISON S. CAMPBELL had an article, "Comparative Fiscal Analysis for Counties," in the summer 1990 issue of Budgeting & Finance. It describes the implementation and use of a decision support system designed to conduct cross-sectional analyses of local government finances.

JOHN CRIHFELD and Harry Campbell have evaluated the relative performance of the REMI and IMPLAN economic impact models and

have presented the results at the Mid-Continent Regional Science Association annual meeting in Lexington, KY.

In collaboration with faculty members at Western Illinois University and professionals at the Illinois Dept. of Commerce and Community Affairs, CRIHFELD and CAMPBELL are also developing three community action modules as part of a project called "Helping Rural Communities Prepare for Economic Development." This \$1.8 million project is funded by the Kellogg Foundation, the University of Illinois, and Rural Partners, an association of private and public agencies in Illinois.

ANN BARRY FLOOD will serve as moderator at a symposium, "Universal Health Care: the 90s and Beyond," on April 24; it will be presented by the American Medical Student Association of the AMA at the College of Medicine at UIUC.

Professor FLOOD is also continuing her work on a project funded with a two-year grant from the Agency for Health Care Research and Policy to investigate organizational factors that influence physicians' practice decisions, their treatment of HMO and fee-for-service patients, and their reactions to some major administration changes in financial incentives introduced into their group practice.

In addition, Professor FLOOD is continuing a prospective study of outcomes following prostatectomy. Data were collected as part of a larger multi-national effort involving the U.S., Denmark, and the United Kingdom.

J. FRED GIERTZ and THERESE MCGUIRE spoke about tax reform at a luncheon meeting of the Chicago Tax Club on February 4. GIERTZ also spoke on February 5 at the Illinois House Republican Retreat at Jumer's during a session entitled "Illinois Budget Briefing/Income Tax Surcharge."

SAMUEL K. GOVE was a member of the transition team for Governor-elect Jim Edgar and served on the public service subcommittee. He was also a member of the Illinois Commission on the Future of Public Service, organized by the Chicago Community Trust/Government Assistance Program.

GOVE was also interviewed by the Illinois Farm Bureau on the subject of local government and was frequently interviewed by radio, TV, and newspaper reporters about the November 1990 state elections.

GEOFFREY HEWINGS (affiliate, geography, UIUC) was invited in December to Japan as the guest of the Japanese Section of the Regional Science Association to participate in their annual meeting in Sapporo. In addition, he delivered lectures at the University of Tsukuba, Ministry of Post and Telecommunications and the Central Research Institute for the Electric Power Industry.

In February HEWINGS returned to Indonesia to continue work on the development of a set of interregional social accounting models for a five-region division of the economy; the activity is sponsored by MUCIA with funds from the World Bank and the Indonesian government.

RICHARD KOSOBUD (affiliate, economics, UIC) attended a workshop in October 1990 in Washington, D.C., on "Economic/Energy/Environmental Modeling for Climate Policy Analysis" and served as a discussant for one of the presentations.

THERESE MCGUIRE attended a seminar in New Orleans January 10-11 sponsored by the National Tax Association on Critical Issues in Sales Taxation, where she moderated a session entitled "Emerging Issues in Sales Taxation."

PETER F. NARDULLI is continuing his work on the evaluation of the role

that citizens have played in American democracy through his project on the structure of electoral change in the period 1828-1984. He recently received an IBM Innovation grant for computer equipment to support the project.

Professor NARDULLI also recently submitted a proposal to NSF to secure support over the next two years.

ROBERT F. RICH had an article, "Policymaking for Science & Technology," published in the Fall 1990 issue of National Forum: The Phi Kappa Phi Journal. Professor RICH also coauthored an article, "The Professional Manager in American Local Social Services," that appeared in Vol. 2, 1990 of the International Review of Comparative Public Policy.

ROBERT J. SAMPSON had a paper, "The Impact of Housing Policies on Community Social Disorganization and Crime," published in the September-October issue of the Bulletin of the New York Academy of Medicine.

PABLO T. SPILLER was a speaker at the fall Telecommunications Policy Research Conference, served as a discussant at the Conference on Constitutional Law and Economics held at Stanford University, and a speaker at the NBER Political Economy Conference. Later this year he will present papers at the meetings of the American Law and Economics Association, the International Political Science Association (in Buenos Aires), the Conference on Economics and Politics of Administrative Law and Procedures, and the summer meetings of the Econometric Society.

NOREEN M. SUGRUE presented a paper in November at the University of Western Ontario, Canada, on "Public Opinion and the AIDS Epidemic."

TOM ULEN had an article in the September issue of American Economic Review on the appropriate relationship between administrative

agency regulation and exposure to tort liability as methods of reducing harmful activities. He will deliver a paper on this topic at a conference organized by the Transportation Center at Northwestern University in June.

Professor ULEN will teach a week-long course on law and economics to law professors from Eastern European law schools in Zagreb, Yugoslavia, in early June. He is also organizing the first annual conference of the American Law and Economics Association, to be held at the U of I Allerton Conference Center in May. He and PABLO SPILLER will both present papers at the conference.

In addition, Professor ULEN was appointed in November to the board of trustees of the Urbana & Champaign Sanitary District.

WILL WHITE gave a presentation at the American Public Health Association meetings in New York in October on "Changes in Hospital Market Shares Under the Medicare Prospective Payment System." He also presented a paper, "The Geographic Extent of Nursing Labor Markets," at the Allied Social Science Association meetings in Washington, D.C., in December.

In addition, a paper coauthored by WHITE, "The Futures of Physicians: Agency and Autonomy Reconsidered," was published in Theoretical Medicine.

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POLICY FORUM

IGPA has been publishing Policy Forum since 1988. It is designed for a general audience as well as the academic reader and is published in cooperation with the Cooperative Extension Service in the College of Agriculture, UIUC. Two issues appeared in 1990:

--"Impact Fees for Developing Infrastructure," by Harrison S. Campbell and J. Fred Giertz.

--"Education and Economic Development in Illinois," by John B. Crikfield

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WORKING PAPERS

The institute's working papers provide an outlet for IGPA-sponsored research (although any member of the University of Illinois staff may submit a manuscript for consideration). In contrast to Policy Forum, the working papers can be fairly technical and are written in the academic style. Two have appeared since our last newsletter:

Working Paper #15: "Growth and Variability of State Individual Income and General Sales Taxes," by Richard F. Dye (IGPA and Lake Forest College) and Therese J. McGuire (IGPA and Urban Planning & Policy, UIC).

Abstract: Two important characteristics of state tax systems are the trend growth rate and cyclical variability of tax revenues. We use national aggregate time series data to estimate the trend rate of growth and the deviation from trend for each component of state general sales and individual income tax bases. The results indicate great variety in growth and variability characteristics across tax base components. One important finding is that growth and variability are sometimes inversely related. Another interesting finding is that, depending on structural design, income taxes can be more stable than sales taxes.

Working Paper #16: "Structures and Performance in the New Congress: Deregulation Revisited," by Paul J. Quirk (IGPA and Political Science, UIC).

From the conclusion: The congressional reforms of the 1970s strengthened the capacity of committees, subcommittees, and individual members to initiate policy change; made it easier to broaden the scope of conflict on an issue; and increased the visibility of decisions between diffuse and narrow interests. The contemporary Congress is less successful, however, with respect to deliberation and conflict resolution.

From the perspective of professional policy analysts, these changes in Congress's capabilities are significant because they affect the reception of policy analytic advice and, to some extent, the strategies of making it politically effective. One consequence of the changes is beyond doubt: They have increased substantially the volume of analysis that Congress receives.

The availability of a large amount of high quality analysis is of course no guarantee that Congress will act on the conclusions. Congress has always ignored analytic advice that failed to meet criteria of political acceptability, and the new structures have done nothing to alter that. To some extent, however, they have changed the nature of the political constraints.

These changes in the political constraints in turn have redefined the political skills and strategies most crucial to achieving influence. To the extent that resistance to analytically prescribed policy change comes from organized groups capable of calculating their interests closely and negotiating carefully, the crucial analytic task of policy promotion is to design proposals that accommodate the opposition, in small or large ways, without vitiating the benefits of reform.

To the extent that the resistance comes from actively concerned mass constituencies, however, it will not be overcome by marginal adjustments--which such constituencies will hardly notice. Rather, the crucial task is then

to devise policy approaches and rationales that, to the extent possible, accord with the central beliefs of those constituencies.

Although adjustment and accommodation are still vital to policy promotion, the structural features of the new Congress, along with changes in electoral politics, have shifted the focus of strategy toward understanding mass constituencies.

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AMERITECH FELLOWSHIP PROGRAM

The Ameritech Fellowship Program is now completing its fourth year of funding from the Ameritech Foundation. A request for the fifth, and final, year of funding was submitted in mid-February. The program has two goals: promoting public policy research on economic development and revitalization issues in the Midwest and encouraging research on economic regulation and its effect on the economy, especially the telecommunications industry. The Ameritech Fellowship Program consists of five major components: a visiting fellowship program, a research fellowship program, a lecture series, conference sponsorship, and support of ongoing functional organizations at the University of Illinois.

Visiting Fellows. The visiting fellows are nationally recognized scholars and practitioners who are invited to the university for a period of several days. Each fellow's lecture is published as a monograph by the institute and is available from the IGPA Urbana office.

The Ameritech Distinguished Visiting Fellow for spring 1991 was Eli Noam, director of the Center for Telecommunications and Information Studies at the Columbia University Graduate School of Business. Professor Noam spoke on "Freedom of Speech in Telecommunications."

Lecture Series. As it has in the past two years, the Ameritech Fellowship Program, in cooperation with the Illinois Seminar on the Political Economy of Institutions of the UIUC Department of Economics, is sponsoring a lecture series on regulation. It was organized by Pablo Spiller (IGPA and McKinley Professor of Economics and Public Utilities, UIUC). The spring program comprises twelve lectures:

1/4/91: Steven Berry, "Discrete Choice Models of Illegopoly Product Differentiation," Yale University

2/4/91: Susan Cohen, "Government Contracting and Two-sided Asymmetric Information," University of Illinois

2/18/91: Amihai Glazer, "Inefficiencies in Public Decision Making," University of California, Irvine

2/25/91: Eli Noam, "Telecommunications Regulation," Columbia University

3/4/91: Santiago Urbiztondo, "Cooperation Through Monitoring In A Multiple-Principals/Single-Agent Model," UIUC

3/11/91: Luis Cabral, "R&D Portfolios," Universidade Nova de Lisboa and Boston University

3/18/91: Gerry Faulhaber, "The Stability of Regulatory Coalitions," Wharton School of Business

4/8/91: William Rogerson, "Overhead Allocation and Incentives for Cost Minimization in Defense Procurement," Northwestern University

4/15/91: Peter Fox-Penner, "The Economics of Price Cap Regulation," Charles River Associates

4/22/91: Severin Borenstein, "Testing the Principle of Minimum Differentiation: Airline Departure Time Crowding," Univ. of California, Davis

4/29/91: Gary Cox, "On the Decline of Party Voting in Congress," University of California, San Diego

5/6/91: Cliff Winston, "Airlines," Brookings Institution

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TAX REFORM CONFERENCE

On February 8 the IGPA Office of Fiscal and Regional Development Studies held a one-day conference on "Tax Reform in Illinois" at the Palmer House in Chicago. The conference was organized by J. Fred Giertz and Therese McGuire. It was funded by the Allstate Foundation, the Ameritech Fellowship Program, the Illinois State Chamber of Commerce, Grant Thornton, the First National Bank of Chicago, and the Institute for Illinois. Approximately 100 people from government, civic organizations, industry, and the academic world participated in the meeting, which addressed the question of whether the state would benefit from an in-depth analysis of the state and local tax system.

Presenters included Robert Ebel, director of public finance at ACIR, John Shannon of the Urban Institute, Michael Wasylenko, a professor in the Department of Economics in the Maxwell School at Syracuse University, and Douglas Whitley, long-time president of the Taxpayers' Federation of Illinois who was recently appointed director of the Illinois Dept. of Revenue by newly elected Governor Jim Edgar.

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CONFERENCE ON REPEAT TEEN BIRTHS

"Opportunities for Action: Policies for Addressing Repeat Births to Teens and Young Adults," was the title of a conference organized by Noreen Sugrue with funding from the Illinois

Department of Public Health. It was held at the Levis Faculty Center on the UIUC campus on February 14. Approximately 150 people from social service agencies throughout the state attended the meeting. Dr. Effie O. Ellis, member of the IGPA National Advisory Committee also attended. In addition to Ms. Sugrue, who coauthored the opening talk with Jonathan Crane, institute participants in the program were Director Robert Rich, Cedric Herring, and Robert Felner.

On the evening before the conference Amy Loomis of the Stuart Foundations presented a talk, "Reducing Repeat Births Among Teen Parents: Policies and Programs." The talk was sponsored by IGPA and IDPH and cosponsored by the UIUC School of Social Work, the American College of Obstetrics & Gynecology, the UIUC Department of Health and Safety Studies, and the UIUC Department of Sociology.

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EDUCATION REFORM

The Education Policy Assembly, consisting of 125 individual participants from sixteen Illinois organizations concerned with education and reform of the Illinois school finance system, met at University Inn in Champaign on December 7-8, 1990, and on February 1-2, 1991. The assembly was sponsored by the College of Education at UIUC, the Illinois Association of School Administrators, and IGPA. It was funded by the Joyce Foundation. IGPA affiliate James Ward, associate dean in the College of Education, and Linda Knibbs, associate director of IASA, had major responsibility for organizing the conference. Anna Merritt assisted in the planning process.

Participants in the assembly deliberated over issues pertaining to school finance formula reform, tax policy and revenue

for education, school and school district organization, and school improvement and education reform. The December session was devoted to presentations by experts in these four areas, including J. Fred Giertz who spoke about tax policy, and to initial deliberations by the participants who had been divided into four committees. The February session was spent meeting in committees and sub-committees, and in a meeting of the whole during which consensus was reached on a large number of major questions relating to education finance and school improvement. The policy statement that resulted was sent to all participants, to the General Assembly leadership, and to media outlets throughout the state.

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AIDS FORUM

Gary Albrecht, professor of health resources management in the UIC School of Public Health, who received an IGPA research grant in 1988 organized a public policy forum, "AIDS in Illinois: The First Decade," based on that research. It was held at the UIC Illini Union on March 13. Speakers included: Professor Albrecht, "Policy Issues & Their Implications"; Dr. Renslow Sherer, "Primary Care of HIV Disease in Illinois"; Dr. Bernard Turnock, "Ten Years of AIDS Politics"; Edward Lawlor, "Health Services Delivery: Policy & Research"; and Dr. Andrea Barthwell, "AIDS in Community." Bob Rich served as moderator.

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REDISTRICTING IN ILLINOIS

An eight-part series of essays on some of the issues relating to the politically explosive issue of redistricting, each in a four-page newsletter format, has been organized by Anna Merritt, Steve Helle (head of the UIUC Department of Journalism), and Lex Tate (University

Office of Public Affairs). The essays were designed to provide information to the media and will be distributed throughout Illinois. Topics to be covered include how the process works, the 1990 census, demographic changes, issues for blacks and hispanics, the politics of redistricting, legal issues, and the history of redistricting.

* * * * *

REAL PROJECT

The Chicago Region Econometric Input-Output Model (CREIM) is now complete at the eight-sector level; the 40-sector version should be available by the end of February 1991. The model provides the capability for undertaking impact analysis and forecasting major economic activities through the year 2010 for the six-county Chicago SMSA. It is based on a set of input-output data derived from Census files--the first attempt to construct such a model in this fashion.

A number of interesting findings have emerged. Although Chicago is regarded as the prime facie example of the industrial city, only 20% of the items consumed by Chicago manufacturers were produced in the metropolitan region. The potential untapped local market represents a "loss" of between \$3 and \$4 billion in 1982 dollars. Attempts are now being made to explore the reasons for these missing gaps in the production chain.

A second finding was that Chicago's employment in service activity exceeded that in manufacturing two years before the same phenomenon occurred in the United States as whole. At the present time, the Chicago employment profile is not very different from that of the nation.

Funding for REAL's activities is derived from the Federal Reserve Bank, Commonwealth Edison, State of Iowa, Chicago Economic Development Commission, and the Ameritech

Foundation grant to IGPA. The major staff remain Geoffrey Hewings (Director), Philip Israilevich (Associate Director) and Ram Mahidhara (Senior Research Associate). A contract has been signed with the State of Iowa to produce a similar model for Iowa; it is hoped that a Midwest network of models might be developed to explore the structural interdependencies that exist across states and between sectors.

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AIRLINE HUB-AND-SPOKE NETWORKS

The following statement is taken from a proposal submitted by Pablo Spiller and IGPA affiliate Jan Brueckner. It was recently funded by NSF.

Airline deregulation has led to profound changes in the structure of the industry. In addition to giving airlines the freedom to set fares, deregulation removed restrictions on entry and exit, allowing the carriers to expand and rationalize their route structures. This flexibility led in the 1980s to a dramatic expansion of hub-and-spoke networks, where passengers change planes at a hub airport on the way to their eventual destinations. By funneling all passengers into a hub, such a system generates high traffic densities on its "spoke" routes. This allows the airline to exploit economies of density, yielding lower cost per passenger. These economies arise because higher traffic density on a route allows the airline to use larger, more efficient aircraft and to operate this equipment more intensively (at higher load factors).

Restructuring of the industry in response to deregulation has also led to renewed interest among economists in the determinants of airfares in individual city-pair markets. Recent studies have typically explored the connection between airfares and market-specific measures of demand (city populations and incomes, tourism

potential), cost (flight distance, load factors), and competition (number of competitors, market share). However, even though the airline industry has undergone a hub-and-spoke revolution, the impact of network characteristics on fares in individual markets has received little attention in this literature. Given that networks play a critical role in lowering airline costs, this may be a serious omission. When a hub-and-spoke network successfully raises traffic densities, ticket prices are likely to reflect the resulting lower cost per passenger. Fare regressions that omit network variables may fail to capture such effects.

The empirical research that we have completed so far fills this gap in the literature by providing the first direct evidence linking airfares to the structure of airline hub-and-spoke networks. Our central hypothesis is that any force that increases traffic volume on the spokes of a network will reduce fares in the markets that it serves. This effect arises because of economies of density on the spokes. For example, since a large network (as measured by the number of city pairs that it connects) offers many potential destinations to the residents of an endpoint city, its spokes should have higher traffic densities than the spokes of a small network. With costs correspondingly lower, fares in the individual markets served should be lower in the large network, other things equal. Similarly, holding size fixed, a network that connects large cities should have higher traffic densities on its spokes (and thus lower fares in individual markets) than one serving small cities.

Our work so far has consisted of an empirical study of the relationship between airline fares and the structure of hub networks. We explore, through the estimation of fare equations, the implications of the characteristics of an airlines' hub-and-spoke network for the fares it charges in a particular city-pair market. The major findings of that

study are that the impact of network characteristics on prices is consistent with those discussed above, suggesting important efficiency consequences from hubbing.

We plan to perform three extensions of this work. First, we plan to investigate network effects more directly by modeling spoke traffic, not just network characteristics, as determinants of fares in a city-pair market.

Second, we propose to carry out a structural estimation of a model that makes explicit the impact of hubbing on airline costs.

Finally, our third main extension consists of a direct study of fare changes following the mergers of Republic-Northwest and Ozark-TWA.

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THE POWERS AND THE LIMITS OF THE PRESIDENT: CONSTRAINTS ON LEADERSHIP IN CONGRESS

by Paul Brace (IGPA) and Barbara Hinckley (New York University)

(Editor's note: The following excerpts are taken from the introduction and conclusions of a paper prepared for the annual meeting of the Western Political Science Association, Seattle, March 21-23, 1991.)

That presidents have the power to persuade Congress on legislative agenda items is a truism of American politics. Indeed, so strong is the accepted wisdom that presidents are judged by their apparent, and superficial, success. Writers assume that presidents can persuade Congress and that some do it better than others. Wilson's New Freedom, Roosevelt's New Deal, Johnson's Great Society become the standards against which old and new presidents are judged.

Implicit in this view is a notion of presidential leadership involving at

least three components: public approval, White House activity, and legislative success. Presidents use their mandate from the people in behalf of a legislative agenda, winning the Congress to their point of view. Implicit also is the notion that the president's role is the critical one. The president acts--Congress and the public respond. The public's approval is a resource to be manipulated, while Congress is a passive reactor primarily responsible for saying aye or nay. Many writers go farther, implying that presidential leadership is critical because Congress is not capable of leading itself.

We still need to know how approval and success and other components interact within a larger constellation of influences. Presidents may appear much more or less constrained--and much more or less successful once the effects of important conditioning influences are controlled. While the effects of approval on success have been examined in detail, the influences that might condition these effects have not been systematically explored.

Conclusions

[The] success rate [of American presidents] is shaped by a complex set of influences including congressional party control, the life cycles of administrations, the amount of activity the presidents pursue, and their approval as shown in the public opinion polls. In a fully specified model, public approval does show a substantial and significant effect on a president's ability to win in Congress. For every ten percentage point gain in public approval, presidents can expect a seven percentage point gain in congressional success. Yet, the various components of the leadership notion do not work together. The life cycle of activity occurring across the term is almost opposite that of the cycle of approval, while success has a life cycle of its own. Even controlling for these cyclical effects, presidential activity is

inversely related to public approval. Position-taking, which helps overall in Congress, hurts at the polls.

We assume a complex strategic perspective results when two powerful institutions share power over legislation. Each must look to its own agendas and goals, while modifying its strategies in terms of the other's activity and keeping an eye on the public opinion polls. Party control of Congress and time into the term affect the president's success rate. But within these institutional constraints, approval is significantly related to success: popular presidents do better in Congress on the average than less popular presidents do. Members of Congress no doubt read their mail first, but they also watch to see how the president is doing. The same strategic perspective allows us to understand the inverse relationship between activity and approval. Time into the term and party control affect a president's activity. But again, within these constraints, presidents must make critical tradeoffs between their legislative goals and their public support. The results are shaped by interactions among the public, presidents, and Congress, in a complex balance that founding father James Madison might approve. It is true that public approval, rather than presidential position-taking or congressional voting, drives the process, limiting the range of strategies the presidents can pursue. Yet, each of these actors is in a position to limit or encourage the other, like the game in which the stone blunts the scissors that cuts the paper that wraps around the stone. Presidents are supposed to be strong, therefore they can use their public approval in winning legislation in Congress. Yet, they must not be too strong--and so there are limits to how much legislative activity is deemed a good thing. Notice also that the political party, often said to provide a bridge across the separation of powers, does not succeed in changing these limits. Activity hurts approval for both

Democratic and Republican presidents, even after one controls for the effects of the party majority in Congress. Hence advocates of a responsible parties model for American parties could not expect such a system to alter these effects. Even when the same party controls Congress and the White House, one finds that activity hurts approval that in turn checks congressional success.

These results should help clarify the powers and limits of presidents as they seek legislative support. First, the size and success of the legislative agenda are shaped in part by factors which presidents cannot control. Same-party presidents enjoy significantly higher activity and success than presidents facing congresses with split or opposing party control. Longstanding partisan ideologies affect support in Congress independent of the party of the president or the party in control of Congress. But all presidents face

further limits as they proceed through their term. Position-taking increases falls. Since public approval is also falling as the term proceeds, a further lowering of the success rate can be expected. Additional limits appear as we identify the various interactions among position-taking, approval, and success. Public approval helps increase the success of the legislative program, but position-taking lowers approval. Hence presidents are confronted with a no-win situation in which to increase congressional success--by bolstering approval--they must decrease the number of positions. As positions decrease, the success rate falls, accompanied by a decline in the polls. Thus popular presidents find a ceiling on their efforts to provide legislative leadership, while their less popular counterparts are forced to tread a very slippery slope in which attempts to make headway in Congress set them further behind in the polls. The moral is clear. Presidents must look beyond

their relations with Congress if legislative influence is their goal. They do engage in a range of discretionary activities--trips, speech-making, other symbolic events--that appear designed to gain public support. However, some activities are more helpful than others and some not helpful at all. Meanwhile, events over which they have little control also affect their public support and so their congressional success. The polls fall with economic hard times and rise in times of international crisis. International rally points comprised the largest share of our positive nondiscretionary events. Ironically, then, presidents might be most able to provide legislative "leadership," when they would least need it--during times of international crisis. They would be least able to supply this leadership when economic hard times demanded a new legislative agenda for the nation.

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DIRECTOR'S STATEMENT

by Robert F. Rich

In this era of leaner and tighter state budgets, it seems important to ask: What can organizations like IGPA do to help address the issues and problems facing state and local governments? It is not appropriate to say: "Not Much! We have our own budgetary woes." Indeed, the budgetary limitations facing almost all states and localities provides an excellent opportunity to bring universities and government closer together.

One arena for this closer "linkage" is in the area of human resource development. We need to design strategies for recruiting and retaining highly able people in government. This can be done, initially, through internship programs. At the federal level, the Presidential Management Internship Program is recognized for its ability to attract some of the "best and brightest" into government by providing them with challenging opportunities and, then, after two years of exposure to one or more agencies placing them on the "fast track" for the Senior Executive Service. In the state of Illinois, the Legislative Internship Program has helped to attract some of this state's best leaders into government careers. Our own Governor Edgar is a graduate of this program. The success of this program was recognized last year with the inauguration of the first group of former interns into the Sam Gove Hall of Fame.

The Legislative Intern Program could, perhaps, serve as a model for city, county, and municipal officials who want to make a long-term investment to improve the capacity of government. The program pays the intern a modest salary for one year. The intern is given challenging and interesting work and is exposed to an academic program designed to take up half a day to one day of time during a given week. Young people who have completed this internship program have, as a rule, been very successful in obtaining responsible positions in government--both in the legislative and the executive branches.

While this program addresses the need to attract talented individuals into government, we also need to concentrate on retaining this talent. I believe that too much attention has been placed on salary and benefits. These are not, to be sure, trivial issues, but they may not be the most important ones for retaining high quality officials. In fact, studies show that job satisfaction is related to whether or not a person feels that he/she is being given meaningful and challenging work, whether there is a clear career ladder, and whether the organization invests in its employees on a long-term basis. At the same time, universities are beginning to recognize that continuing adult education is a potential area of growth in the future and, more importantly, it is an area that needs innovative and creative thinking. In other words, this is a

new arena in which government/academic linkages could be mutually beneficial.

Studies for the Workforce in the Year 2000 indicate that our new work force will be culturally diverse, dominated by females and minorities, and will have a lower skill level (especially in technical areas) than does our current work force. It will also have a greater interest in quality-of-life issues. Yet the demand will be for engineers and other technically-based professions. To what extent are universities and government working together to address these needs? Even though the business world is beginning to focus on these questions, I suspect that a lot more could be done through government/academic linkages.

Universities and government both find themselves in the situation of having to make strategic choices: Where do we have a comparative advantage? What do we want to stand for in the future? Where will we gain the greatest payoff from the investment of our scarce resources? The answer to these questions will help determine the shape of land-grant universities in the next century. In addition, the answers to these questions will help shape the nature and effectiveness of the relationship between state/local government and the universities. By developing effective university/government linkages, we can help address some of these issues.

FACULTY AND STAFF ACTIVITIES

ROBERT J. BUCHANAN (affiliate, Health and Safety Studies, UIUC) coauthored a paper, "The Effect of Prospective Payment on Medicaid Payment Rates for Nursing Home Care," which appeared in Southern Economic Journal, July 1991; he also published a paper, "Medicaid Reimbursement of Hospital Care," in the New England Journal of Human Services, Vol. 10, No. 1, 1991.

HARRY CAMPBELL (graduate research assistant) has been awarded the Fred and Demetra Foster Graduate Fellowship award in the Dept. of Geography. The prize is awarded annually to the outstanding doctoral student in the department.

JOHN B. CRIHFIELD presented work done with Harry Campbell at the 1991 IMPLAN Conference, held at the University of Minnesota in May. The paper was published in the Proceedings volume from this conference as "IMPLAN Versus Its Competition As A Regional Planning Tool." Also published with Campbell in the Spring 1991 issue of Growth and Change is "Evaluating Alternative Regional Planning Models." Carihfield also presented papers on rural land use in April at the 1991 Meetings of the Midwest Economics Association held in St. Louis, and in June at the Midcontinent Regional Science Association Annual Meetings in Chicago.

RICHARD DYE just completed a year of full time research at IGPA, on sabbatical leave from Lake Forest College. He returned this fall to his college teaching duties and will maintain a visiting appointment at IGPA. He is working with Therese McGuire on a study of the determinants of key expenditure items in state government budgets. Part of this project will involve the creation of a data base of state fiscal,

economic, and demographic variables that can be used for future state and local fiscal and economic development research at IGPA. He is also working with Fred Giertz on an analysis of aspects of the Illinois state tax system.

ANN BARRY FLOOD has accepted a position at Dartmouth Medical School starting in January 1992.

J. FRED GIERTZ received a letter from Governor Jim Edgar thanking him for his assistance to the new administration during the transition.

SAMUEL K. GOVE has been named to the new Human Resources Advisory Council by Governor Jim Edgar. The blue-ribbon panel of business, labor, government and academic leaders will help the governor improve the management of state government and the quality of its work force. In November Prof. Gove will go to Alaska to advise a committee that has been asked to determine whether or not a referendum on a new constitution should be called.

DORIS A. GRABER (affiliate, Political Science, UIC) presented papers dealing with long-range changes in images of the Soviet Union at the annual meeting of the International Society for Political Psychology in Helsinki, Finland in July. Another paper, reporting her research on processing of television visuals by media audiences was presented at the annual meeting of the American Political Science Association in Washington in August. Prior to visiting Helsinki, she travelled extensively through parts of China, Outer Mongolia and Siberia.

BOYD KEENAN has been reviewing a number of environmental projects to determine if there is any evidence to tell us whether research findings from these endeavors have actually

been utilized--and, if not, why not?

GERRIT KNAAP (affiliate, Urban & Regional Planning, UIUC) was awarded the Chester A. Rapkin award for the best paper in Volume 10 of the Journal of Planning Education and Research at the Joint Congress of the North American Association of Collegiate Schools of Planning and the Association of the European Schools of Planning. The paper, entitled "State and Land Use Planning and Inclusionary Zoning," explored the influence of state politics on the content of local comprehensive plans in Oregon.

JAMES KUKLINSKI and graduate student Norman Hurley are examining the effects of political language and imagery on inter-ethnic perceptions, stereotypes, and attitudes. Norbert Schwarz of ZUMA and Kuklinski are completing Experimental Survey Research, to be published by Cambridge University Press. In addition, he and Bob Wyer, a UI psychologist, will be coediting a book series in "Political Psychology and Democratic Politics," to be published by Cambridge University Press.

DAVID F. LINOWES (special adviser to IGPA) travelled to Rome, Italy in May to address the Second International Conference on Research Policies and Quality Assurance. His address was entitled "Improving National Quality Performance Through Privatization," and is now being published in a hard cover volume related to the conference. From Rome, Professor Linowes travelled on to Yugoslavia on behalf of the U.S. Government to advise Yugoslavia and its various republics on their privatization efforts. In Belgrade he delivered a major address entitled "Developing the Private Sector and Free Enterprise Through Privatization," at the Institute of Economic Sciences.

JOHN F. McDONALD (affiliate, Economics, UIC) has co-edited Sources of Metropolitan Growth; it was published by the Center for Urban Policy Research, Rutgers University Press, 1991. In addition he and D. McMillan have published a number of articles. Professor McDonald is also organizing a "Special Conference in Honor of Edwin S. Mills" to be held April 10-12, 1992 at Northwestern University.

THERESE McGUIRE and RICHARD DYE completed a working draft of their paper, "The Effect of Earmarked Revenues on the Level and Composition of Expenditures." The paper was presented at the 1991 Taxation, Resources, and Economic Development (TRED) Conference on Financing Local Government in the 90s in Cambridge, Massachusetts, October 4-5, 1991. She has also received a research contract from the U.S. Department of Transportation for a review of the literature on the contribution of publicly provided infrastructure to economic growth and productivity.

ROWAN MIRANDA (affiliate, Political Science, UIC) presented a paper at the 1991 APSA meetings in Washington, D.C. titled "Privatizing City Government: Explaining Alternative Service Delivery Strategies of U.S. Cities." He is also working on a study that examines several important property tax issues with a view to developing legislation for a Property Tax Accountability Act for Illinois local governments.

PETER F. NARDULLI has recently revised and resubmitted an NSF proposal for his project on "Electoral Independence and American Politics." The aim of the project is to provide an empirically based assessment of the electoral role of citizens in American democracy, and to determine if voters have matured in

their participatory role over the past century and a half. He presented some preliminary findings from the project at the 1991 annual meeting of the American Political Science Association in Washington, D.C.

TONY ORUM (affiliate, Sociology, UIC) has the Lloyd Lewis Fellowship in American history from the Newberry Library for the 1991-92 academic year. The grant will permit him to do research on and write up a history of Milwaukee, Wisconsin. He recently published an article, "Apprehending the City," in Urban Affairs Quarterly, which provides a brief overview of the approach he is taking to the Milwaukee study. In addition, Orum has co-edited a book, A Case for the Case Study, published by the University of North Carolina Press. He also presented a paper at the annual meeting of the American Sociological Association in Cincinnati, "The Semi-Sovereign American City." At the same meeting he conferred with several colleagues about the development of a general social survey for China, a project that has been funded by the ASA and the NSF.

PAUL QUIRK recently joined the editorial boards of two scholarly journals, the Western Political Quarterly and the American Political Science Review. His article on "Structures and Performance in the New Congress: Deregulation Revisited" has appeared in the Journal of Policy Analysis and Management. In August, he discussed national politics on Milton Rosenberg's Extension 720" program on WGN radio.

BOB RICH attended a conference dedicated to Maria Caleel, a student at the University of Illinois who was murdered in 1988. His report to the conference on the results of a study of services provided in eighteen states to women who have been sexually

assaulted was the subject of the "Womanews" column in the Chicago Tribune on September 22, 1991.

PABLO SPILLER is spending this academic year at the University of California at Berkeley.

TOM ULEN presented seminars during the fall semester at the University of Michigan Law School, the University of Wisconsin Law School, the University of California Law School, and at Wittenberg University. In addition, he published two articles: "Flogging a Dead Pig: Professor Posin on the Coase Theorem," published in Wayne Law Review; and "An Economic Appreciation of the Bill of Rights: The Limits and Potential of Law and Economics in Constitutional Debate," which appeared in the University of Illinois Law Review.

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BARRY R. CHISWICK, who received a grant from IGPA for a study on English language fluency among immigrants, has published an article on the subject entitled "Speaking, Reading, and Earnings among Low-skilled Immigrants." It appeared in volume 9, number 2 (1991) of the Journal of Labor Economics. It shows that reading fluency is more important than speaking fluency as a determinant of earnings.

NATIONAL ADVISORY COMMITTEE

The IGPA National Advisory Committee held its annual meeting at The Whitehall in Chicago on October 25. Following an update on institute activities, the meeting focused on the future structure of the committee as well as the institute's fundraising needs, how the new brochure could be used most effectively, and IGPA's

new Illinois Focus Program which will seek to generate a stream of commentary on major policy and governmental issues in Illinois. On the evening preceding the day-long meeting, institute staff and members of the committee met for dinner and heard a presentation by Robert Mier, professor of urban planning and public administration at UIC. Professor Mier was director of development during the tenure of Mayors Harold Washington and Eugene Sawyer, is the author of over fifty scholarly and professional publications, and is a regular commentator on urban development issues in Crain's Chicago Business.

POLICY FORUM

Policy Forum is designed for a general audience as well as the academic reader and is published in cooperation with the Cooperative Extension Service in the College of Agriculture, UIUC. Volume 4, which appeared in the 1990-91 academic year, contains four issues:

"Property Tax Relief Mechanisms: Should States Get Out of the Business?" by Therese J. McGuire

"The Proposed Light-Rail Transit System for Downtown Chicago: A Discussion of Basic Issues," by John F. McDonald

"Family and Medical Leave: A Social Assurance Policy," by Christine E. Lidbury and Noreen M. Sugrue

"Race, Sex, and Underemployment in Chicago," by Cedric O. Herring

WORKING PAPERS

The institute's working papers provide an outlet for IGPA-sponsored research (although any member of the UI staff may submit a manuscript for

consideration). In contrast to Policy Forum, the working papers can be fairly technical and are written in the academic style. Three have appeared since our last newsletter:

Working Paper #17: "Family and Medical Leave: A Social Assurance Policy," by Christine E. Lidbury and Noreen M. Sugrue.

From the conclusion: Proponents of mandated family and medical leave policy argue that society has an overriding interest in ensuring that people's jobs are protected while they meet certain social and familial obligations (e.g., care for the elderly, children, and the ill). Moreover, the social and economic benefits to those in need of care, as well as workers and employers, outweigh the costs associated with family and medical leave policies. Therefore, government should mandate such family and medical leave policy.

Opponents of the legislative route argue that meeting such familial obligations is the responsibility of individuals and that society has only minimal interest in protecting the jobs of those meeting such obligations. They argue that the costs of such policies fall disproportionately on businesses and force companies to make other sacrifices to compensate for these costs. If one accepts this argument, then family and medical leave policy should in fact be determined by market forces.

Social assurance policies such as job protected leave for jury duty and active duty in the armed forces, as well as SSI, assure that societal obligations are met because policy makers have decided that society has an overriding interest in ensuring that such obligations be met. Viewing family and medical leave policy as a social assurance policy assumes a societal interest in providing job

protection so that employees who must attend to the needs of ill or injured family members, or to their own non-work related illness or injury, can responsibly do so without losing their job.

Working Paper #18: "The Impact of Organizational and Managerial Factors in the Outcomes and Effectiveness of Health Services," by Ann Barry Flood

From the introduction: In an attempt to curtail the ever-increasing costs of health care services in the United States, Congress embarked on several broad policy paths in the 1980s. Through such mechanisms as reforming hospital payments for Medicare patients, they attempted to revise incentives and promote organizational efficiency. Competition among insurers and providers was also promoted with the hope of using market pressures to offer affordable and acceptable care. These efforts by and large have had limited effect, causing policy-makers and the various interested parties to look to major reforms in the system. One of the first steps toward such reform is to assess what we currently know--and don't know--about factors which promote effective delivery.

There are several important areas within this broad assessment which need to be pursued, including assessing whether the care we currently provide is indeed "effective." This essay addresses another important aspect of the problem, of particular importance to policy-makers: How do managerial and organizational factors in health care settings constrain resources and/or promote effective delivery of services? With greater understanding of the elements and processes involved, we can perhaps construct policies which bolster these factors and avoid ineffective regulatory mechanisms.

Working Paper #19: "Agency Discretion Under Judicial Review," by Pablo Spiller

Abstract: This paper analyzes the extent of agency discretion under different assumptions concerning judicial review: a) discrete judicial decision making; b) multi-member courts; c) decision costs at the Courts; c) multi-layer judiciary. The main results of this paper are: a) discrete judicial decision making and decision making costs at the Court generate agency discretion. b) Agency discretion is reduced, however, by introducing further levels of judicial review. c) Multi-member Courts do not seem to generate important implications for agency discretion.

OFFICE OF FISCAL AND REGIONAL DEVELOPMENT STUDIES

Fiscal and regional development studies is a major programmatic concentration within the Institute of Government and Public Affairs. The institute's Office of Fiscal and Regional Development Studies coordinates activities in this area. Six faculty members in IGPA are directly involved in this effort as well as several affiliated faculty from other departments.

The program focuses on two interrelated applied policy areas. Fiscal studies deal with applied public finance questions: the analysis of tax and expenditure policies and the fiscal structure of governments. A broad range of state and local public finance and intergovernmental fiscal issues are addressed including many with an Illinois focus. Regional development studies focus on (1) understanding the process of growth and decline of regions with special interest in Illinois and the midwest and (2) the analysis of national, state and local policies

designed to promote regional economic growth.

Activities include both research and public service. Because of the applied nature of the research in this area, the research and service functions are closely linked.

- A conference for policymakers and interested citizens on the process of tax reform and its implications for Illinois
- A study of taxes and expenditures of local governments in the six county Chicago metropolitan area
- A report analyzing the role of policies designed to promote "value added" activities in agriculture
- A study of the growth and variability of state income and sales taxes in the United States
- A study of property tax assessment equity in Illinois
- A report analyzing educational finance issues in Illinois
- A study of the effect of earmarking state revenues on state expenditures

SEMINAR SERIES

IGPA-Chicago is offering a series of presentations by staff members this fall at the institute's Van Buren Street office. The series was organized by Therese McGuire:

Paul Brace (September 11): "Presidential Activities from Truman through Reagan: What Did the Presidents Do, When Did They Do It, and What Difference Did It Make?"

Joan Fitzgerald (October 16): "Reducing Minority Unemployment:

A Process Evaluation of Ohio's High Unemployment Population Program"

John Crane (November 6): "Explaining the Black-White Cognitive Skills Gap"

Richard Peck (December 4): "Airline Deregulation and Service to Small Cities"

AMERITECH FELLOWSHIP PROGRAM

Earlier this year the Ameritech Fellowship Program received funding for its fifth and final year. J. Fred Giertz, coordinator of the program, will spend the year moving toward institutionalizing the program's successful activities to ensure their continuing impact.

Only one research fellowship was awarded for this year. Paul Newbold, professor of economics, will work on "Modeling the State Economy and the State's Fiscal Position." The first phase of the project involves the collection and organization of state revenue and expenditure data. In the second phase, the relationships will be specified, and the tax revenue and expenditure model will be integrated into the econometric forecasting model.

The Ameritech Lecture Series on Regulation, organized jointly with the Illinois Seminar in the Political Economy of Institutions, will also be held again this year.

CENTER FOR PREVENTION RESEARCH AND DEVELOPMENT

The focus of this center, referred to by its initials CPRD, is to provide consultation, evaluation, and research capacities and services to Illinois state agencies, local agencies, and communities throughout the state.

Its director is Robert D. Felner. Funding for the center's core activities comes from several state agencies, the Harris Foundation, and federal contracts.

CPRD has undertaken three major initiatives in collaboration with the Illinois Department of Alcoholism and Substance Abuse (DASA). The first is the development of comprehensive prevention and human service strategies for a number of public housing authorities throughout the state, including Decatur, Danville, Chicago, Peoria, Champaign, Rock Island, Freeport, and Rockford, as well as several smaller communities.

The second major initiative calls for the development of models for delivery of community-based multicausal/multifocus prevention programming for high risk children, youth, and families. Under the third initiative CPRD is working with a number of other DASA-funded sites in the development of programs and evaluation mechanisms.

In addition to these DASA related initiatives, CPRD has two other major emphases: school-community prevention initiatives for high risk youth; and in collaboration with agencies in Peoria, Lake County, Decatur, Chicago, and Rockford to develop integrative, transcategorical and service delivery models to improve the efficacy and response utilization of these agencies.

REAL

Through an agreement with the Federal Reserve Bank of Chicago, IGPA has established the Regional Economic Applications Laboratory (REAL) with Geoffrey Hewings (Dept. of Geography, UIUC) as its director; Philip Israilevich from the Federal Reserve Bank is associate director, and Ramamohan Mahidhara

is senior research associate. The lab also has a graduate student assistant on the Urbana-Champaign campus. REAL was formed with the intent of providing high quality analytical modeling capability at modest cost to individuals, public and private corporations and federal, state, and local government agencies interested in urban and regional economic development. The major objective of the research is the development of a set of integrated analytical models of the Illinois economy.

Until now REAL activities have centered on the Chicago region. A detailed annual forecasting model for Chicago is nearing completion; from this model, forecasts of major macro economic variables, such as employment, income and population will be available for each year for the period 1990-2010. In addition, detailed forecasts for 36 industrial sectors will complement the macro forecasts.

A parallel project will provide forecasts of occupations and thus indicate the degree to which current high school and post secondary vocational training is being oriented towards skill preparation and enhancement that will be mapped into occupations for which demand will remain strong or increase. It is hoped that a supply-oriented model can be completed in the near future to enable assessments of the labor market equilibrium to be made on an annual basis.

An econometric model for Iowa, similar to the one for Chicago, is also nearing completion. Eventually, it is hoped that a set of models for each midwestern state can be constructed, to facilitate comparisons of structure and performance and to reveal the degree of interregional interaction that characterizes these economies.

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TAX PROJECT

J. Fred Giertz is director of a project that seeks to provide estimates of allocations to the University of Illinois through an annual forecast of state tax revenues. The forecasts are presented monthly to university administrators, along with forecasts for the state economy generated by the Illinois Econometric Model.

At the start of a new fiscal year, a needs table is generated based on the Bureau of the Budget's (BOB) forecast of state revenues for the coming fiscal year. The forecast represents the expected amount of funds available for state appropriations over the period. The BOB's estimates for each revenue source (corporate income tax, retail sales tax, investment income, etc.) is distributed by BEBR over the months of the fiscal year according to historical, seasonal patterns. The needs table is also adjusted for institutional changes in tax law, such as modifications of tax rates and diversions of gross revenue to other state funds (e.g., the Income Tax Refund Fund). Actual monthly tax receipts are compared to needs in order to assess the accuracy of revenue forecasts and the health of the Illinois economy. In addition, BEBR's estimates of annual tax receipts are regularly compared to the most recent BOB forecasts and to predictions about state revenue produced by the Illinois Economic and Fiscal Commission.

SYMPOSIUM ON COMPETITIVE HEALTH POLICY REFORMS

On November 14-15, 1991, the Symposium on Competitive Health Policy Reforms was held on the UIUC campus. It brought together experts from government, the academic community and the private sector to examine the

"competitive/market incentive" health care policies of the 1980s, to evaluate their effectiveness in addressing current problems, and to suggest policy changes to improve health care management and financing for the next decade. Conference organizers were Richard J. Arnould (IGPA affiliate), Robert F. Rich, and William D. White. Funding was provided in part by the Ameritech Fellowship Program.

SEMINAR FOR GOVERNOR'S INTERNS

Since spring 1988 IGPA has cosponsored a seminar series with the Governor's Office in Springfield for interns in the Dunn Fellowship Program and the Vito Marzullo Intern Program. The series offered the interns an opportunity to hear from experts on a wide variety of policy issues facing the state. This year the format was changed somewhat. Instead of a series held in Springfield, the interns came to Urbana on September 23 for a full day of presentations and a luncheon. The morning focused on taxation and finance issues with presentations by Fred Giertz and John Carihfield. The afternoon was devoted to a discussion of the impact on Illinois of the national education initiative, "America 2000." Speakers for the afternoon session were Jim Ward (IGPA affiliate), Dorothy O'Neill (member of the State Board of Education), and Tim Hyland (superintendent of schools in Champaign). During the lunch hour, Sam Gove talked about some of the unique and more colorful aspects of this state's political history.

CONGRESSIONAL FORUM

As part of IGPA's ongoing cooperative effort with the Institute for Illinois in Washington, D.C. and with funding from the Allstate

Foundation, a forum on health care issues was held for the staffers of the Illinois congressional delegation on September 27 in the nation's capital. Presenters included Norman Walzer (professor of economics at Western Illinois University), Dick Arnould (IGPA affiliate), Gerald Moss (dean of the UIC College of Medicine), and Tom Sneeringer (partner at Katten Muchin Zavis and Dombroff, and formerly on the staff of Congressman Rostenkowski).

POLICY FORUM FOR METRO CHICAGO OFFICIALS

As part of its public service program, IGPA is organizing a seminar on health policy issues for elected officials in state, Cook County, and Chicago city governments. Presenters include Ann Flood and Dean Gerald Moss (Coll. of Medicine, UIC). It will be held on December 3 at the UIC Chicago Circle Center and is cosponsored by Buzz Palmer, executive director of Comprand in Chicago.

MANAGEMENT TRAINING PROGRAMS FOR GOVERNMENT OFFICIALS

Since 1988 IGPA has been developing a management training program for senior government officials in this state. To date, programs have been held for top-level policymakers at the state, Cook County, and Chicago city levels of government. The program is coordinated by Associate Director for Administration and Public Service Anna Merritt. During the 1991-92 academic year she is being assisted by Sharon Gasbarro, a graduate student on the UIUC campus. The Chicago city and Cook County programs are partially funded by the GAP Program of the Chicago Community Trust under the direction of Liz Hollander. The state programs are organized by IGPA as part of its commitment to

the efforts of the Illinois Institute of Training and Development, which is located at Sangamon State University and is committed to providing training programs for managers in state government. Specific programs held since our spring newsletter include:

"Building High Performance Teams" (held April 11, 1991, at the Ramada Renaissance in Springfield); presenter: Nancy Z. Dering of Harrisburg, Pennsylvania.

A two-day retreat on strategic planning for top-level appointed officials in the administration of recently elected Cook County Chairman Richard Phelan was held April 11-13, 1991, at the Radisson Suite Hotel in Glenview; Bob Rich served as facilitator. A follow-up meeting was held at the same location on Friday, September 20.

The Executive Management Training Seminar for top managers in Chicago city agencies and departments was held at Jumer's Castle Lodge in Urbana on October 9-11.

The Senior Executive Program for state officials was held November 20-22 at the Radisson Suite Hotel in Champaign.

ILLINOIS TAX CHANGES OUTLINED

by J. Fred Giertz and
Therese McGuire

(Editor's note: the following is taken from an article that appeared in State Tax Notes, September 9, 1991)

Illinois, like many other states, experienced a fiscal crisis in 1991 that had a major impact on the shaping of the 1992 state budget. Illinois' situation differed from that of most other states in two ways: (1) The major cause of the crisis was not the

recession and lagging tax revenues, but overspending in the previous two fiscal years, and (2) Illinois' response was not to increase state taxes, but to rein in spending along with a reallocation of state tax revenues from local governments to the state's general fund.

The campaign for governor in 1990 set the tone for the fiscal debate in the 1991 General Assembly session. Edgar, the Republican who became governor in January, promised to continue (and make permanent) the surcharge on the individual and corporation income taxes first enacted in 1989, but to avoid any other state tax increases. His Democratic opponent's major campaign promise was to cut taxes by letting the temporary surcharge expire in July 1991 and to deal with the state's budget problems through spending cuts and increased efficiency.

When the 1991 General Assembly met, the state's fiscal condition was considerably weaker than was generally believed during the fall campaign, yet increased taxes were seldom mentioned by legislators or the governor as a remedy for the

problem. Instead, the debate focused on the need to continue the surcharge and on areas where budget cuts could be made.

The General Assembly met more than two weeks beyond the June 30 deadline before a compromise between the governor and the legislature was reached. The effects of the compromise on state taxes were as follows:

(1) The individual income tax rate, first increased from 2.5 to 3.0 percent from July 1, 1989, to June 30, 1991, was continued at that level until June 30, 1993. (Illinois has a flat-rate income tax.) Similarly, the corporate tax rate of 4.8 percent, including the surcharge, was continued at that level for the same period.

(2) Beginning on July 1, 1993, the individual rate is set to fall to 2.75 percent and the corporate rate to 4.4 percent. In effect, the 1991 action made half of the previous surcharge permanent and left half temporary.

(3) A provision of the individual income tax law making property tax payments for an owner-occupied

principal residence deductible from taxable income was repealed.

(4) The distribution formula for the revenues raised by the surcharge was revised. The revenues from the 1989 increase were divided among state functions, including education, tax relief, and aid to cities and counties. Cities and counties received about 35 percent of the increased revenue. Under the new arrangement, the city and county share was reduced to 18 percent for fiscal 1992, so the extra funds could be directed to the state's budget problems. The city and county share will rise to 26 percent in fiscal 1993.

The outcome of the budget negotiations was perceived as a victory for Edgar, who had called for property tax limitations and continuation of the surcharge. The expiration of half of the surcharge in 1993 coincides with the elimination of distributions for cities and counties. There is likely to be considerable pressure at that time to continue this aid to local governments by not letting the temporary portion of the surcharge lapse.

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DIRECTOR'S STATEMENT

by Robert F. Rich

Economists and financial forecasters tell us that fiscal austerity will continue for most of this decade. We, who are part of our nation's leading universities (public and private), will need to make choices and set priorities. How does the present political environment, which promises decreasing resources, impact on organizations like the Institute of Government and Public Affairs?

First, I believe that it is critical to reexamine the comparative advantage of our unit. To what extent are we making a unique contribution to the university and to the state? The answer to this question lies in the commitment we have to our dual mission: conducting high-quality policy-related research and engaging in an aggressive and visible public service program. Most units in a research university strive to produce high-quality research. Most units do not, however, emphasize outreach and public service activities.

Within the university there is a good deal of pressure to streamline, to reduce administrative costs, and to cut units that are not actively engaged in teaching. Consequently, the public service mission of the university is also going to be reexamined. In this context, IGPA has launched a strategic planning initiative. By fall 1992, we hope to have an IGPA

strategic plan for the next five years. It will focus on how we hope to position ourselves in the university and in the state.

Second, this is a time of transition in Illinois as it is in most states. It calls for a strong partnership between state government and universities. Units like IGPA can and should play a leadership role in helping to develop and/or strengthen this partnership. It is a partnership that can benefit government (both state and local) by addressing a number of key issues that must be resolved in the months ahead. Examples of such issues include: (a) How do we motivate employees (faculty, staff, government officials) to give their best thoughts and produce their best work? (b) How do we maintain work force morale during periods of instability in employment and diminishing levels of resources? (c) What are some innovative ways to deliver services and promote economic development? (d) What benefits could be gained by privatization and new public/private partnerships? (e) How do we promote interagency and inter-university cooperation? (f) How do we develop and support centers of excellence (e.g., in areas of mental health, substance abuse, social services for children, the needs of the elderly), (g) At a time of layoffs, early retirements, and resignations, how do we build

innovative and effective training programs that will enhance the skills and abilities of the remaining work force? A partnership between state government and universities could address these issues forthrightly and with considerable expertise. IGPA is currently working on trying to develop a partnership of this sort. While we are thinking about developing new partnerships, we should remember that these need not be limited to universities and government. Industry and the not-for-profit sector should also join in the effort.

Third, universities and government need to view these troubled times as an opportunity for innovation and change. It is not a time for crawling into our shells and discouraging new initiatives. We need to rethink how we do business and how we can address some of the real problems facing our society. Perhaps a new conceptualization of the land-grant university will emerge from an exploration of these challenges and opportunities.

As IGPA looks ahead over the next five years, we will be trying to establish new and different kinds of relationships. Most importantly, we will continue to try to address some of the crucial problems that face this state, the Midwest, and the nation.

FACULTY AND STAFF ACTIVITIES

L. VAUGHN BLANKENSHIP chaired a panel, "Retrieving the Gender Dimension of Science Policy," at a three-day workshop entitled "Science Policy or Social Policy for Women in Science:...an Agenda for the 1990s." It was held Dec. 6-8, 1991, and was sponsored by the NSF at The Johns Hopkins University Dept. of the History of Science. He also participated in a workshop on program evaluation of NSF Center Programs held in Georgetown, Jan. 21-23, 1992. In addition, Prof. Blankenship presented a talk on "The State of the Universities," at a conference for federal executives on "Issues in Science and Technology Policy," February 23-28, 1992, at Williamsburg, Va. It was organized by the Center for Public Policy Education, The Brookings Institution. Participants included federal managers of technical and scientific programs in the U.S. Army, Navy, NASA, U.S.G.S., U.S.D.A., and CIA.

PAUL BRACE published several articles last spring, including the lead article in the May 1991 Journal of Politics, "The Changing Context of State Political Economy." In September he attended the annual meeting of the American Political Science Association where he presented a collaborative paper on "Voting Behavior in State Supreme Courts: Integrated Theory and Models," and was elected to the executive council of the State Politics Section for a three-year term. In addition, he presented papers at the Southern Political Science Association meeting in November and has been invited to present a paper at the annual meeting of the Research Committee on Comparative Judicial Studies in Bologna, Italy, June 14-17, 1992. An Op-ed piece, "Term Limits: No Cure-All for Illinois," appeared in the Chicago Tribune on December 7. Prof. Brace has also had two books

accepted for publication: Context and Capacity: Government and Economic Performance in the American States (Johns Hopkins) and Follow the Leader: Public Opinion and the Modern Presidents, with Barbara Hinckley (Basic Books). It should be noted that Prof. Brace competed in the Chicago Marathon on October 27 and finished in 3:05.

JONATHAN CRANE has completed a paper, "Dispelling the Myth of Black Intellectual Inferiority," and is now doing research on the relationship between social factors, family structure, and parenting quality. This summer he will begin work on a book evaluating the effectiveness of various kinds of social programs for the poor.

JOHN B. CRIHFIELD is president-elect of the Illinois Economic Association; the annual meeting will be held next October at the Palmer House in Chicago. In addition, his chapter "Education and Rural Development: Lessons for the Rural Midwest" appeared in the volume Rural Community Economic Development, which was edited by Norm Walzer and published last winter by Praeger.

GREG DIAMOND (affiliate, Political Science, UIUC) will publish an article, "Field Theory and Rational Choice: A Lewinian Approach to Modeling Motivation," in the summer 1992 issue of the Journal of Social Issues.

J. FRED GIERTZ participated in the Governor's Economic Conference at the executive mansion in Springfield on November 12, 1991; the purpose of the half-day meeting was to brief the governor's senior staff and cabinet on the economic indicators and conditions that influence the economy and state finances. A letter by Prof. Giertz to the editor of Crain's Chicago Business was published in

the February 24, 1992, issue of the paper; it focused on reasons for the state's budget shortfall. Prof. Giertz and THERESE McGUIRE were invited to discuss the state's fiscal situation to a small group of leaders in the social policy practice and advocacy communities in Chicago on January 17, 1992, by Voices for Illinois Children.

SAMUEL K. GOVE spoke at the Alaska conference on "Shall There be a Constitutional Convention?" held in Anchorage in November 1991. He has organized a roundtable on "The Election of Governing Boards in Higher Education" for the Midwest Political Science Association meeting to be held in April 1992 in Chicago and is on the search committee for a new publisher of Illinois Issues. In addition, Governor Edgar has appointed him to his Human Resources Advisory Council, and Secretary of State George Ryan has appointed him to the Redistricting Process Review Committee. Prof. Gove has also completed a chapter on the first six months of Governor Edgar's administration for a book, New Governors in Hard Times, to be published this spring by CQ Press.

CEDRIC HERRING coauthored an article, "Skin Tone and Stratification in the Black Community," that appeared in the November 1991 issue of the American Journal of Sociology. The authors found that not only does complexion have significant net effects on stratification outcomes, but it is also a more consequential predictor of occupation and income than such background characteristics as parents' socioeconomic status.

THERESE McGUIRE continues to work with Teresa Garcia-Mila of Universitat Pompeu Fabra, Barcelona, on the macroeconomics of regional economies. Their first joint paper on the topic, entitled "Industrial Mix as a Factor in the Growth and Variability

of States' Economies," has been revised and resubmitted to Regional Science and Urban Economics at the invitation of the editor. In January Prof. McGuire visited Barcelona to work with Teresa on a sequel paper, which will explore in more detail the effects of industrial composition on the growth of state income and employment. They have applied to the U.S.-Spanish Joint Committee for Cultural and Educational Cooperation for research support for this project.

ROWAN MIRANDA (affiliate, Political Science, UIC) has coauthored a study entitled Fiscal Indicators Report for Chicago Taxpayers for The Chicago Budgeting Project.

PETER F. NARDULLI spent most of the month of March in China and Taipei. He delivered two lectures at Tam Kang University in Taipei, one on the role of the U.S. Constitution in the development of the American political system and the other on the American criminal justice system. He will also lecture at the Beijing Law School on the U.S. judiciary. In early April, at the invitation of the chief justice of the Illinois Supreme Court, he will chair a plenary session at a conference on "The Future of the Illinois Judiciary." In addition, Professor Nardulli will chair a panel at next fall's American Political Science Association annual meeting on "Beyond the End of Realignment: Partisan Realignment in Political Research and History." A book, The Constitution and American Political Development, edited by Professor Nardulli was published by the UI Press in March 1992.

ANTHONY M. ORUM (affiliate, Sociology, UIC) has completed about two-thirds of a first draft of his study on Milwaukee for which he has the Lloyd Lewis Fellowship in American History for the 1991-92 academic year.

PAUL QUIRK participated in a conference in February on "The Dynamics of American Politics: Approaches and Interpretations," at the University of Colorado at Boulder. He served as the provocateur-discussant for a session on general interpretations of American political development. In November Prof. Quirk appeared on WILL-TV (Urbana) on the hour-long call-in show "Talking Point with Jerry Landay" along with IGPA Director ROBERT RICH, State Senator Penny Severns, and State Representative Tim Johnson.

MILDRED SCHWARTZ (affiliate, Sociology, UIC) is chair of the Gabriel Almond Awards Committee for the American Political Science Association; the award is for the best dissertation in comparative politics. She is also on the program committee for the 1993 American Sociological Association annual meeting.

PABLO SPILLER, who is spending this academic year at Berkeley, is working on three projects: the welfare implications of hub-and-spoke airline networks (see spring 1991 newsletter), rational choice models of the Supreme Court, and agency models of the organization of political bureaucracies.

NED STOWE is coordinating two seminar/workshop series for IGPA, one on science and technology policy, the other on the politics of waste management in state and local government using Champaign County as a case study. He also organized a major conference on environmental policy, which is discussed later in this newsletter.

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ESTHER MAXIMO has joined IGPA as the administrative secretary for our Chicago office. She has been

with the university for 21 years, in both academic and administrative units. Her most recent position was in the Office of Planning and Resources Management, where she reported to the director of strategic planning and policy analysis.

NEW HOME ON URBANA CAMPUS

IGPA will move into a brand new two-story building toward the end of May 1992. The building, located about one block east of the institute's present site, was designed with input from faculty and staff. In addition to a sufficient number of offices for all present employees and anticipated new hires for the next several years, the building contains four large spaces for subunits of the institute and/or groups of students working on specific projects; it also contains a library and a large conference room.

POLICY FORUM

Policy Forum has now been in existence for five years. Each issue is devoted to a single topic and is presented in a four-page newsletter format. It is designed for a general audience as well as the academic reader and is published in cooperation with the Cooperative Extension Service in the College of Agriculture, UIUC. For a list of all titles or for copies of back issues, please contact the Urbana office. Two issues have appeared so far in this academic year:

"Land-Use Decisions in Rural Areas: Pitting Old King Coal Against Corn," by John B. Cirihiel and Harrison S. Campbell, Jr.

"The States and Their Economies in a Changing National Context," by Paul Brace

ALLSTATE WORKSHOP SERIES

IGPA is planning two workshops for this spring as part of its ongoing cooperative effort with the Institute for Illinois in Washington, D.C. and with funding from the Allstate Foundation. The first will be a half-day workshop focusing on the Regional Economic Applications Laboratory (REAL) and will be held in Chicago. Geoff Hewings, director of the lab and a member of the UIUC Dept. of Geography, will describe the project and the annual forecasting model for Chicago which has been completed. Among the 75 invited participants will be members of the General Assembly and business and community leaders.

The second workshop, scheduled for early May, will be on "Synergistic Strategies for Rural Development: Education, Health Care, and Economic Development." It will bring together the school superintendent, hospital administrator, key elected officials, and an economic development officer from each of 20-25 rural communities for a full day of discussion and presentations. Members of the General Assembly will also be invited.

MANAGEMENT TRAINING FOR GOVERNMENT OFFICIALS

IGPA continues to provide management training for senior government officials through its affiliation with both the Chicago Community Trust and the Illinois Institute for Training and Development. During the 1991-92 academic year several have been held and others are in the planning stage.

An Executive Management Training Seminar for 15 top managers in Chicago city agencies and departments was held at Jumer's Castle Lodge in Urbana on October

9-11. Presenters were: Delorese Ambrose from Pittsburgh, Penn. on leadership and team development; Rick Winter, UIUC, on marketing strategies for government; and Bob Rich on strategic planning. The seminar was organized by Anna Merritt and UIUC graduate assistant Sharon Gasbarro.

A retreat, organized for eleven senior staff members of the office of the Clerk of the Cook County Circuit Court, was held January 7-9 at the Holiday Inn O'Hare. Arrangements were handled by UIC graduate assistant Linda Schaumann.

On January 23-25 the administrative staff of the Cook County Hospital held a strategic planning retreat at the Chicago Marriott O'Hare. Linda Schaumann assisted in coordinating this event.

An executive training program for 30 mid-level managers in the Cook County Circuit Court Clerk's office will be conducted in late March or early April. Sharon Gasbarro will assist with the arrangements.

Executive training for 35 management-level people in Cook County government is scheduled for early May. Ms. Gasbarro is also helping with these arrangements.

CONFERENCE ON ENVIRONMENTAL POLICY

by Ned Stowe

In January IGPA hosted a one-day, invitational conference to evaluate the status of environmental policy in the United States, and to identify both the key environmental challenges and the most promising public policy initiatives for the 1990s. The conference was held January 9-10 at the Hyatt Regency O'Hare. Funding was provided by the Army Environmental Policy Institute, which

is based in Champaign.

Conference participants explored the following questions: What is the scope and substance of environmental policy past and present? How has it changed over time? Which policy instruments have been most effective and which have failed? What are the key environmental trends which will demand policy responses in the 1990s? What environmental policy instruments hold the greatest promise for achieving policy objectives in the future? How can environmental policy research contribute more effectively to the policy-making process?

The institute invited experts, from universities, government and industry, to present brief position papers. Another two dozen experts served as discussants. IGPA participants included Boyd Keenan, Dick Kosobud, Bob Rich, Ned Stowe and National Advisory Committee Chair Wally Oates.

Two of the key areas identified for future environmental policy research were: a) the broad range of issues concerning the social management of risk; and, b) the effectiveness of past and present environmental policy instruments and approaches.

THE FUTURE OF ACADEMIC RESEARCH

by L. Vaughn Blankenship

As the United States positions itself to compete effectively in an emerging world order that is quite different from the one that has existed since the end of World War II, its universities are being asked to address three major challenges: 1) Maintaining a research enterprise that links research and graduate education; 2) Tying this research enterprise more closely to the nation's industrial base; and 3) Addressing the technical and

science education needs of a demographically changing work force.

This study examines the current status of our research universities and their ability to meet these challenges in the turbulent environment they presently face and the anticipated retirement of a significant fraction of their faculty in the next few years. The research strategy combines an analysis of national trend data and strategically selected institutional case study data on Inputs, Internal Processes, and Academic Outputs to answer four broad questions:

1. What changes are occurring in the kind, quality, and structure of research and how are they related to graduate education?
2. How much and what kind of change has occurred in industrial funding of academic research and what impact is it having?
3. How will we meet the needs of a demographically changing work force for scientific and technical skills?
4. How are the present resource environment, anticipated faculty retirements, and evolving relationships with federal, state and local governments likely to affect institutional capabilities to meet these challenges?

PRESIDENTIAL ACTIVITIES FROM TRUMAN THROUGH REAGAN: WHAT DIFFERENCE DID THEY MAKE?

by Paul Brace and Barbara Hinckley

[Editor's note: The following paragraphs are taken from the introduction and conclusion of a paper by Profs. Brace and Hinckley (Dept. of Politics, NYU) prepared for delivery at the annual meeting of the Southern Political Science Association, Tampa, Florida,

November 7-9, 1991.]

Many writers worry about a public relations presidency growing stronger in recent years. By this line of reasoning, Jimmy Carter's series of town meetings, geographically distributed across the country, could reassert common democratic values and show that the age of the imperial presidency was over. Richard Nixon's European tour, in the final days of his beleaguered administration, could remind people of his statesmanship and foreign policy achievements. The Reagan years brought these activities to a new height of professionalism: every day in office became part of an ongoing election campaign. Soon, some people worry, presidents will not need programs at all--they can issue statements about broccoli and visit children in their hospital beds. These plus a few dramatic international rally points and their popularity and reelection is assured.

The extent and impact of this activity has only begun to be explored. The purpose of this paper is to continue this exploration using data from postwar administrations.

Is there such a thing as "going public"? As used, the term implies a kind of institutionalized public relations activity, engaged in primarily for popularity, whether in the polls or the ballot box. Or are presidential activities more mixed, reflecting different personalities, motives and choices? If so, the activities would not form any clearly discernable patterns. If the activity does appear to be public relations, merely, the public should know this. If it is not, the public should know this too, and so should the present and future holders of the office. Descriptions of the way things are easily become prescriptions of the way they should be. If presidents think that they should be public relations experts primarily, because that is the way

things are, they will attempt to follow the expectation, whether or not the situation truly exists.

So, we ask what did the presidents do and when did they do it. First, do activities change from one president to another? Are there trends across administrations that we need to see? Activities can be selected for a number of reasons only peripherally related to popularity. The presidency is an institution where traditions grow and are passed on from one officeholder to the next. Presidents might feel that they should do these things because their predecessors have done them. Or, they might make their selections more personally, following their likes and dislikes and personal constraints.

Second, when do the activities occur? Are they randomly distributed or patterned across the term? Presidents are electorally strategic actors, who in order to gain their office, have learned to campaign, strategize, and allocate scarce resources effectively. It is unlikely that, once in the White House, they would suspend these strategic tendencies. Instead, given finite resources, we might expect them to allocate activities carefully across the term, whether to achieve reelection or to pursue some other goal.

Third, what difference does it make? Do these activities help a president's popularity and do some help more than others do? Is the activity worth it? Not all of these ceremonial acts are successful, as the examples show. Nixon's travel did not stop the steady slide of his polls that led ultimately to his resignation. Carter's town meetings failed to stop his sliding popularity in his first year and were soon abandoned. Perhaps, people said, he did not seem imperial enough. Even Ronald Reagan, for all his professional public-relations advisors and personal experience and

skill, found that travel could be politically costly, as the outcry over his trip to Bitburg, Germany showed.

Summary. The results of this analysis reveal that presidential activities are both strategic and reactive, indicating that presidents may be allocating their resources in a manner designed to increase their popularity. Presidents appear to make reactive choices, taking foreign trips and making major addresses when their approval has fallen. They also appear to make strategic choices, increasing their domestic travel in congressional and presidential election years, and scheduling more foreign travel and major addresses in their reelection year. Of course, no one can say conclusively that these activities were consciously taken for public support. However, the pattern of these activities across administrations, indicates that it is very unlikely that they could have occurred by chance.

On the other hand, the worries about the public-relations presidency appear somewhat overstated. First, the actual level of all these activities is quite low. Second, these activities are pursued in different ways. Third, they have different effects. Some help, some hurt, and some make little difference. Finally, while the monthly frequency of some of these activities has increased since the Truman years, these were not found to be the kinds that help in the standing with the public.

FIGHTING POVERTY: WHAT CAN BE LEGISLATED AND WHY?

by Cedric Herring

The goals of this research include (1) developing a better comprehension of why certain anti-poverty proposals enjoy popular support, (2) understanding how such popular support translates into policy

priorities and preferences among elected representatives, and (3) determining which kinds of anti-poverty initiatives stand a reasonable chance of being endorsed by legislators. The research will require the collection of data from elected officials and their constituents to compare the priorities and preferences of these two groups and to examine the effects of citizens' preferences on their representatives' policy views. The study will also use data from the 1990 General Social Survey to elucidate the underlying reasons for support or opposition to broad anti-poverty initiatives. This portion of the research will assess competing hypotheses consistent with four models of opposition to anti-poverty and equal opportunity programs. Quantitative analysis of the data will include:

- descriptive statistics
- ordinary least squares regression analysis and path analysis to ascertain the adequacy of various models of the underlying causal relationships among the variables
- factor analysis to determine which attitudes are sufficiently similar to be grouped together as types
- logit and probit analysis to examine the complex multivariate relationships involving discrete response (dependent) variables
- multi-level (contextual) analysis to isolate the effects of environmental (constituency policy preferences) factors from individual and socio-demographic effects on elected representatives' views.

CONGRESSIONAL PERFORMANCE

by Paul Quirk

[Editor's note: The following paragraphs are taken from the conclusion of a chapter by Prof. Quirk that appears in The Postreform Congress, edited by Roger A.

Davidson and published by St. Martin's Press, 1991.]

The postreform Congress has distinct virtues and vulnerabilities as a policymaking institution. The structural changes of the reform and postreform periods brought about some significant improvements over the previous post-World War II Congresses. Judged by the criteria suggested in the chapter, the postreform Congress significantly improved its capabilities for representation. It provides less advantage to randomly selected groups or localities; it gives less deference to narrow group or local interests and more weight to diffuse, unorganized interests; and it usually strikes a reasonable balance between liberal and conservative interests, rather than swinging sharply between them or favoring one side permanently. As a result, some of the notorious policy failures of post-World War II Congresses--for example, the placid maintenance of anticompetitive regulatory programs and prolonged inaction on civil rights policy--would be much less likely in the contemporary Congress. Of course, narrow interests still have important advantages in the legislative process; in all likelihood, they always will. But the power of such interests in Congress is not what it used to be. In some respects, the postreform Congress also improved its capabilities for deliberation and conflict resolution. Through the growth of its staffing, it acquired remarkable ability to analyze complex issues, design intricate bills, and transmit detailed and technical information among the legislators. In the current era, Congress probably makes very few important policy mistakes because of failure to obtain or recognize available information.

Congress also has considerable facility in putting together deals. It can transcend jurisdictional boundaries in

negotiations and draft complex packages of provisions; it can either delegate negotiation to a few leaders or involve all interested legislators as circumstances require; and it can establish budget targets and general policies with enforcement mechanisms to ensure implementation. On a measure like the 1990 renewal of the Clean Air Act, the postreform Congress was able to deal with dozens of regulatory issues and hundreds of industrial, environmental, and regional interests not merely through broad generalizations but through painstaking negotiation of specific provisions.

Unfortunately, the limitations of the postreform Congress are as important as its strengths, if not more so. It has great difficulty deliberating responsibly or resolving conflict constructively on issues that elicit strong feelings from mass constituencies. The reforms of the 1970s, exposed congressional decision making to exceptionally immediate public observation. The political pressures inherent in such observation were intensified by the recent prominence of issue-oriented campaign advertising. Moreover, the recentralizing and closing up of decision processes in the postreform period provided only limited means of escaping these pressures. Closed processes require acquiescence by large numbers of legislators--indeed, for Senate time agreements, by the entire Senate. Because legislators are tempted to seek visible identification with popular positions, such acquiescence is often hard to obtain.

Accordingly, when Congress is forced to deal with issues like whether to cut Social Security payments, tolerate moderate levels of environment pollution, ration high-technology health care, or especially, raise taxes, it is under exceedingly heavy pressure to act in conformity to the public's sentiments and prejudices about these

subjects. When it is called on to resolve conflicts among such sentiments--for example, to adopt a balanced program of benefit cuts and tax increases--this pressure leads to prolonged or permanent stalemate. Ultimately, the weaknesses of the postreform Congress in deliberating and resolving conflict on salient issues may outweigh its enhanced capacity for representation.

SCOPE AND SUBSTANCE OF ENVIRONMENTAL POLICY RESEARCH

by Robert F. Rich and Ned Stowe

Policy making is about the codification of mainstream societal values into law. These values change over time, and consequently the nature, scope and breadth of government policies change over time, as well. Policy research systematically examines these values as they are reflected in the public policies enacted by our government and explores the political processes and institutions through which these policies are made. Drawing upon methods from disciplines such as political science, economics and sociology, policy research explores how social values and political institutions and processes change over time. Important environmental policy research questions today include: How effective have the environmental policies of the past twenty years been in improving the quality of the environment and protecting public health and safety? How can our democratic institutions and processes deal more effectively with issues concerning the social management of environmental risks and hazards which are characterized by complex scientific and technical dimensions? Policy analysis applies similar methods to systematically explore more narrowly defined, short-term problems concerning specific public policy decisions. For example policy

analysis research might explore the political, economic or social dimensions of the Clean Air Act or the Resource Conservation and Recovery Act. Policy-oriented scientific research applies methods from the natural sciences or engineering to provide information and technical analyses to assist the policy-making process on specific public policy problems. Included in this type of research would be scientific studies of the magnitude, sources and impacts of stratospheric ozone depletion.

All three types of research can make important contributions to the design of more effective environmental policies and decision making processes. Long-term policy research can be conducted to evaluate both the substantive decisions and the political processes and institutions of the environmental public policy enterprise over time with a view to improving the overall quality of the enterprise in the future. Short-term policy analysis research can contribute to the design, implementation and evaluation of current policy choices. Once a policy analysis research problem has been identified and defined for analysis, data are collected to shed light on various components of the problem at hand. Alternative solutions or approaches are then developed to address the problem, and each option is systematically examined to identify its social, economic and environmental costs and benefits. On the basis of this research and analysis, decision makers should be in a better position to reach an informed judgment on a particular issue within the context of their personal value structure. Policy-oriented scientific research is conducted to help identify the causes and impacts of environmental problems that may require public policies to mitigate against or adapt to the processes of environmental change.

A frequent mistake made by the policy-making community is to believe that useful, analytical research is not possible on policy problems, and that scientific research and policy research are two, totally different endeavors. Whereas scientific research is considered to be "value free" and "objective," policy research and analysis are often viewed as merely an extension of special interests in the political process.

Values are an important driving force behind all areas of intellectual inquiry; they define the problems and issues that are "interesting" and "important"--whether the research field is high energy physics or public policy. We bring these values to our work, and without them, our research would lack social meaning or direction. This is generally true in most areas of human endeavor and especially politics--where the struggle for political authority and

legitimization between clashing value and belief systems reaches its zenith.

What distinguishes policy research from politics, however, is the commitment by the policy research community to a common set of intellectual values which define how research problems concerning public policy will be approached. Reflecting these core values are a set of accepted standards: the fundamental assumptions underlying a research project must be clearly defined and stated up front; the research must be methodical, systematic and logically consistent; the research must be based in the context of a broader, integrated theoretical framework or world view which has explanatory or predictive power for a wide range of questions; the research must have a basis in reality, demonstrated through the collection and analysis of empirical evidence; and finally, the research must be verifiable and testable by

others employing similar methods and assumptions.

These fundamental intellectual values drive the policy research process and are enforced by the community of scholars and researchers in the field. While personal values and beliefs may inspire and motivate the policy researcher's inquiry, the commitment to pursue intellectually rigorous approaches to the study of public policy challenges the researcher to work within a discipline which researchers--who may share relatively little in terms of fundamental personal values--apply the common values of the research community to monitor and ensure the intellectual quality of the community's research. This value structure is in strong contrast to the value structures that operate in the political arena, yet it is very similar to the value structures of other intellectual disciplines in academe such as the "hard" sciences.

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DIRECTOR'S STATEMENT

by Robert F. Rich

The 1992 election has drawn our attention to the need to focus on critical governance issues in the U.S. How well does the process of policy making work at the federal, state, and local levels of government? To what extent are our political institutions (the way we are organized to do business) in need of overhauling or reform? Academics, and the public more generally, have focused more on the substance of public policy issues than on the institutions responsible for designing and implementing policy. We should focus on the need for reform and on developing strategies to bring about change.

First, I believe that we need to reexamine the way we go about electing public officials. Does the primary system serve us well? What are the consequences of spending the better part of a year simply selecting each party's candidate? In addition, do we need to rethink the way we currently finance political campaigns? Some alternatives to consider include: moving to a system where the entire election process is limited to three to six months (from start to finish); eliminating the serial system of primaries and moving to a set of regional primaries; reforming the selection process at the convention to allow delegates to exercise their best judgment as

opposed to being strictly tied to the primary results; eliminating PACs; moving to a system where the public is the primary source for campaign funds.

Moreover, there is the issue of voter registration and voter turnout. Why are we, as a country, so willing to accept levels of voter turnout that would be absolutely unacceptable in other western democracies? Perhaps, we need to take their lead in holding our elections on Sundays and having voter registration cards be one and the same as an identification card or a driver's license. These changes could have a dramatic effect on increasing turnout.

Second, some proposals for reform in the policy making process require further examination. These include, but are not limited to: abolishing the electoral college, introducing term limits for legislators, or eliminating the term limit for the president; providing the president with the same line-item veto power that so many governors already have; and appointing all judges as opposed to electing them. All of these proposals should be carefully examined; then, the American people should have a public debate on concrete proposals for change.

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Third, the election has highlighted the "grid-lock" or "stalemate" that currently exists in Washington D.C. and in many state capitols. I believe that legislators are passing the buck on very difficult, and complex decisions. Our legislators have become very low risk takers. Instead, decisions which legislators have the authority to make are ending up in the courts and in special referendums. Perhaps, there need to be more restrictions on the number and types of referendums.

Finally, I believe that it is time for the media to be more accountable for the role it plays in elections and in the policy making process, more generally. The media might set up professional review organizations in the same way that physicians have done this. The media should encourage the careful examination of issues and alternatives and not emphasize sound-bites and one-liners.

Clearly, there is much to be studied in the area of governance and room for a good deal of experimentation with alternatives. I hope that IGPA can play a significant role in this process over the next several years.

FACULTY AND STAFF ACTIVITIES

DICK ARNOULD (affiliate, economics, UIUC) presented a paper entitled "Deregulation in the U.S.: A General View and a Case Study of the Health Services Sector" (co-authored with Larry DeBrock) at the Programa Seminario Internacional de Desregulamentaca sponsored by Federal de Desregulamentaca Instituto de Pesquisa Economica Aplicada in Brasilia, Brazil in early August. He also presented a paper on "Internal Compensation Arrangements and the Performance of HMOs" (also co-authored with DeBrock) on November 12 at the annual meeting of the American Public Health Association in Washington, D.C. and at the Southern Economic Association meeting on November 22, again in Washington.

VAUGHN BLANKENSHIP is collecting administrative, organizational, budgetary, and programmatic data related to resource allocation and priority setting in national science policy with the NSF as his case study. During the summer he focussed primarily on top management levels at the foundation looking at their interactions with the White House, OMB, OSTP, Congress, and the scientific community. Over the next few months he will organize the data into two budget data bases, which will help quantify agency, presidential, and congressional conflicts and priorities and changes over time in response to changing public policy concerns.

PAUL BRACE attended the annual meeting of the Comparative Judicial Studies Section of the International Political Science Assn. in Forli, Italy, where he presented a paper on "Deciding on Death: Capital Punishment Decisions in American

State Supreme Courts." He was elected president of the State Politics and Policy Section of APSA and was appointed to the editorial board of the American Politics Quarterly. In addition, an article, "Toward an Integrated Model of Judicial Decisionmaking" (co-authored with Melinda Gann Hall) appeared in the Quarterly and his book Follow the Leader: Opinion Polls and the Modern Presidents (co-authored with Barbara Hinckley) was published by Basic Books. The book has generated a good deal of interest; among other appearances, the authors were interviewed on the C-SPAN program "Booknotes" on Sunday evening, November 8. Professor Brace notes that he also plans to run again in the Chicago Marathon.

ROBERT BUCHANAN (affiliate, health and safety studies, UIUC) received funding from the Agency for Health Care Policy and Research (U.S. PHS) to study Medicaid policies for various health services needed by people with AIDS (PWA). The project will survey each state Medicaid program to catalog payments and payment policies, coverage, and limits to coverage for the hospital, nursing home, home health, hospice, physician, and prescription drug services needed by PWA. In addition, the study will examine and describe the Medicaid eligibility policies in each state for PWA. The study began on July 1, 1992 and will be completed by September 30, 1993, with funding at \$76,202. In addition, Buchanan received a subcontract from the National Multiple Sclerosis Society to identify nursing homes serving the special care needs of younger adults with chronic debilitating conditions.

DAVID L. CHICOINE is serving on the advisory committee to the director of the Illinois Dept. of

Revenue, which is recodifying the Revenue Act of 1939 (the property tax law). The goal is to complete a report as well as a new property tax statute.

JOHN CRIHFIELD presented a paper on "Economic Growth in the American States: The End of Convergence?" (co-authored by Shekhar Mehta and Fred Giertz) at the Midwest Economic Assn. annual meeting last spring in Chicago. He was also program chair for the fall meeting of the Illinois Economic Assn. and is president-elect of the association.

JOAN FITZGERALD (affiliate, urban economic development, UIC) has had an article accepted for publication in the Economic Development Quarterly; it is entitled "Local Initiatives to Reduce the Skills Mismatch of Displaced Workers: A Comparison of U.S. and U.K. Experiences." She is co-editing a special issue of the Quarterly on women and economic restructuring and has started a study (funded by the Joyce Foundation) that examines the planning and implementation of technical-preparation programs in Illinois.

J. FRED GIERTZ wrote an Op-Ed piece about the North American Free Trade Agreement for the Chicago Tribune, which prompted a compliment from Kirk Dillard, Governor Edgar's chief of staff. On October 19 Professor Giertz participated in an economic conference for the governor's senior staff and key agency directors in Springfield. On October 28 he appeared on a WGN radio call-in show to discuss the education amendment.

SAMUEL K. GOVE was given a Public Service Award by the Central Illinois Chapter of the American Society for Public Administration.

Among his many other activities, Professor Gove is serving on the governor's Human Resources Task Force.

DORIS GRABER (affiliate, political science, UIC), was invited by the mayor of St. Petersburg to meet with officials, journalists, and academics at the University of St. Petersburg to discuss how the media might assist in the democratization process. She also traveled to Johannesburg, South Africa, to discuss media coverage in the U.S. of South African affairs. In May she participated in a panel on the first amendment at a meeting of the International Communication Assn. in Miami and spoke on future research directions in mass media at a symposium in Wichita, Kansas.

BOYD KEENAN presented a paper on "Ecopolitical System Realities and the Search for Global Institutionalized Knowledge" at the annual meeting of the American Institute of Biological Sciences in Honolulu on August 12. Professor Keenan was the only political scientist at the symposium, which was attended by scientists from Costa Rica, Uruguay, Argentina, Chile, Vietnam, Indonesia, and Russia.

RICHARD KOSOBUD (affiliate, economics, UIC) has been awarded a two-year grant by the John D. and Catherine T. MacArthur Foundation to extend the activities of the Workshop on Market-Based Approaches to Environmental Policy. The grant will help support a number of outside speakers and in the publication of workshop deliberations.

JIM KUKLINSKI presented a paper (with grad student Norm Hurley) on "Hearing the Messenger But Not the Message: Cue-Taking on the Issue of Black Self-Reliance" at the annual meeting of the International Political Psychology Assn. in San Francisco in

July and presented another paper (with Paul Sniderman), "The New American Racial Dilemma: Racism and Racial Resentment," at the annual meeting of the APSA in Chicago on September 5. Professor Kuklinski also wrote an Op-Ed article, "Bridging the Racial Gap," for the Chicago Tribune and is organizing a conference on the new political psychology, which will be held on the UIUC campus in April 1993. In addition, his article "When Objectivity is Not Objective: Network Television News Coverage of U.S. Senators and the 'Paradox of Objectivity'" appeared in the August 1992 issue of the Journal of Politics.

THERESE MCGUIRE was promoted to associate professor with tenure earlier this year. In April Professor McGuire and her co-principal investigator, Michael Bell of Johns Hopkins University, submitted the draft interim report for NCHRP Project 2-17(3), "Macroeconomic Analysis of the Linkages Between Transportation Investments and Economic Performance." The project is an 18-month contract under the Transportation Research Board of the National Academy of Sciences and is funded by the National Cooperative Highway Research Program. McGuire and research-team member John Cuihfield traveled to Washington, D.C. on July 7 to present the interim report to the NCHRP panel overseeing the contract. Two other products are promised under the contract, which expires on June 30, 1993. The team will compile an extensive data set for the use of researchers across the country, and a final report on the data set and research conducted by the team is due next spring.

In addition, Professor McGuire was in Washington, D.C. in May to present her paper written with Dick Dye entitled "Sorting Out State Expenditure Pressures" at the

Symposium of the National Tax Association. The paper appeared in the September 1992 issue of the National Tax Journal.

ANNA MERRITT served as moderator for a panel entitled "Moving Off Center: Getting Race, Ethnicity, and Gender on Political Agendas" at the Illinois Women's Public Policy Workshop held at the UIUC Illini Union on October 3.

PAUL QUIRK appeared as discussant on a panel on "Comparative Perspectives on the American Presidency" and chaired a panel on "Presidency Research" at the American Political Science Association meeting in early September. He also served on the selection committee for the APSA's Neustadt Prize, for the best book on the presidency, joined the editorial board of Governance, and has appeared on a number of television and radio programs to discuss the fall elections.

MILDRED SCHWARTZ (affiliate, sociology, UIC) presented a paper on "Regionalism and Constitution-Building" at the International Conference on Canadian Studies in Jerusalem, Israel, May 1992. She and William Crotty of Northwestern University co-chaired a workshop on interest groups, sponsored by the Political Organizations and Parties section of the American Political Science Association on September 2, one day before the annual APSA convention officially began. Groups represented were the Taxpayers Federation of Illinois, American Dental Association, Southwest Community Congress, Illinois Coalition Against Tobacco, and the Citizens Utility Board. The Ray C. Bliss Institute of the University of Akron has agreed to publish the political science papers and the remarks on the interest representatives. Professor Schwartz

also attended the American Sociological Association meetings in Pittsburgh, where she was the discussant of four papers given in a panel in Political Sociology: Voting and Democracy, and a member of the 1993 program committee.

PABLO SPILLER is organizing a series of roundtable discussions on regulatory issues for representatives of Illinois utilities, ICC program managers, and University of Illinois faculty members. The first one was held on October 13 at the University Club in Chicago and featured a presentation by Richard Gilbert, director of the Universitywide Energy Research Group at the University of California, Berkeley.

WILL WHITE was a roundtable participant on "Universal Health Insurance: Has the Time Come?" at the annual meeting of the American Political Science Assn. in September in Chicago. In addition, his paper "Information and the Control of Agents" was recently published in the Journal of Economic Behavior and Organization and a co-authored article, "Price and concentration in Hospital Markets: The Switch from Patient-driven to Payor-driven Competition" has been accepted for publication by the University of Chicago Journal of Law & Economics.

JAMES KEANE JOINS INSTITUTE

With the start of the 1992-93 academic year James F. Keane became IGPA's first senior fellow, an institute title reserved for those with long and distinguished careers in a professional or governmental position. Dr. Keane, who has a degree in public administration, served in the Illinois General Assembly from 1979 until he

accepted the position with IGPA, and was most recently deputy majority leader in the House of Representatives. He has been chairman of the House Revenue Committee, the Legislative Audit Commission, and the Local Accounting Task Force and was a member of the higher education committee, among others. He was also vice chairman of the Federal Budget and Taxation Committee of the NCSL. Prior to serving in the General Assembly, he was an assistant professor of political science and director of institutional research at Chicago State University.

As IGPA senior fellow, he will assist with the institute's public service program and is organizing a two-day workshop on policy issues for newly elected members of the General Assembly to be held in February at Starved Rock.

NEW BUILDING AND DEDICATION OF SAMUEL K. GOVE PLAZA

A celebration for the new IGPA building on the Urbana campus and dedication of the Gove Plaza took place on September 11. Speakers included UI President Stanley Ikenberry, Illinois Governor Jim Edgar, and IGPA Director Robert Rich. A plaque embedded in a semi-circular bench in front of the building contains the following text: "Gove Plaza, in honor of Professor Samuel K. Gove, Director of the Institute of Government and Public Affairs, 1967-1985, for his many years of service to the University and the State." Present among the more than 100 guests were a brother and cousin of Professor Gove, members of the UI Board of Trustees, local representatives to the General Assembly, the building architects and contractors, as well as numerous university officials.

NATIONAL ADVISORY COMMITTEE

The annual meeting of the institute's National Advisory Committee was held this year in conjunction with the official opening of the new Urbana building so that committee members could not only see this new IGPA facility but also to enable them to participate in the festivities. Members of the committee and IGPA staff met for dinner at the Levis Faculty Center on the evening before the meeting and heard an after-dinner talk by Professor Paul Brace on public opinion polls and the presidency, with data and insights drawn from his recent book on this subject. The committee met on the following morning, took a tour of the new building, and then set to work. Topics covered during the day-long meeting included: the institute's budget situation, reports on several faculty projects, a five-year plan that is being developed by an institute committee, and the Paul H. Douglas Award.

POLICY FORUM

Policy Forum is designed for a general audience as well as the academic reader and is published in cooperation with the Cooperative Extension Service in the College of Agriculture, UIUC. Each issue is devoted to a single topic and presented in a four-page newsletter format. For a list of all titles or for copies of back issues, please contact the Urbana office.

Four issues appeared in the 1991-92 academic year and one has appeared so far in this academic year:

"Land-use Decisions in Rural Areas: Pitting Old King Coal Against Corn," by John B. Cihfield and Harrison S. Campbell, Jr.

"The States and Their Economies in a Changing National Context," by Paul Brace

"The Epidemic Theory of Ghettos," by Jonathan Crane

"Enterprise Zones in Illinois," by John F. McDonald

"Population Changes in Illinois During the 1980s," by Everett G. Smith, Jr.

WORKING PAPERS

The institute's working papers provide an outlet for IGPA-sponsored research (although any member of the UI staff may submit a manuscript for consideration). In contrast to Policy Forum, the working papers can be fairly technical and are written in the academic style. It should also be noted that James H. Kuklinski is now the editor of this series, having taken over this position from Peter Nardulli, who had been the editor for the first five years. Following are descriptions of the four papers that have appeared since our last newsletter.

Working Paper #20: "Economic Growth in the American States: The End of Convergence?" by Shekhar Mehat, John B. Cribfield, and J. Fred Giertz

Abstract: This paper uses an augmented Solow growth model to study convergence in per-capita incomes of the fifty states. Similar models have been used to study international convergence, but have not been applied to state data. Using annual time-series data from 1955 to 1987, we find that accumulations of private-sector capital, public capital, and human capital contribute to changes in per-

capita income. We also find strong evidence for the "catching-up" hypothesis for the period 1955-1980, where movements of labor and capital cause incomes in relatively poor states to approach those of relatively wealthy states. However, catching-up stops around 1980. We find that public capital for state and local governments plays an ambiguous role in the growth process, and that public capital productivity elasticities implied by our findings vary erratically. Our analysis also indicates that standard exogeneity assumptions regarding factor flows are inappropriate for open labor and capital markets such as in the U.S.

Working Paper #21: "The Effect of Earmarked Revenues on the Level and Composition of Expenditures," by Richard F. Dye and Therese J. McGuire

From the introduction: The earmarking of state and local revenues for specific spending purposes is an old tradition, especially for revenues that are generated by activities closely linked to the favored spending category, such as the earmarking of gasoline tax revenues for highway construction and maintenance.

Theoretical work on earmarking comes primarily from the public choice school of thought, where a number of authors develop models in which earmarking leads to increased government efficiency in a way similar to the use of user charges. These models are ambiguous, however, in their predictions about the effect of earmarking on the level of spending. Earmarking can lead to lower expenditures in models where the earmarking mechanism acts as a constraint on the budget-maximizing bureaucrat. In other models,

earmarking facilities logrolling and, thus, may lead to higher levels of spending.

There is very little empirical work testing the hypotheses generated by these models, and what does exist is unsatisfactory. The primary purpose of this paper is to test the competing predictions about the effects of earmarking on the level of expenditures. In the next section, we provide a brief review of the theoretical literature and the few empirical studies on this topic. In section III, we provide new estimates of the effect of earmarked revenues on total spending and on favored categories of expenditures. While earmarking is an issue at all levels of government, data availability dictates that our unit of analysis be the state. We analyze total state spending, state spending on highways, state spending on primary and secondary education (including aid to local school districts), and state spending on aid to local non-school governments. The three categories are major areas of state spending commonly favored by earmarking, and two of the categories represent important revenue sources for local governments.

Our results for the total level of spending are, perhaps, the most interesting. Depending on the specification, we find that an increase in the reliance on earmarking results in no change or a decrease in the level of total spending. We find no evidence that an increased reliance on earmarking results in higher expenditures.

Working Paper #22: "Beyond the 'End of Realignment': The Concept of a Critical Realignment and Presidential Elections, 1828-1984," by Peter F. Nardulli

From the introduction: While Key's (1955) seminal article on critical elections was an attempt to formulate a partial theory of elections, it evolved into a much more encompassing framework--the "realignment perspective" on American politics.

Despite the centrality of the realignment perspective to our understanding of American politics, and its importance to American democratic thought, it recently has fallen into disfavor. In my view, this current dissatisfaction is due, in part, to a flawed conceptualization of critical realignments and, correspondingly, inappropriate attempts to capture them empirically. This led to problems in understanding the dynamics and consequences of critical realignments. My thesis here is that, if properly conceived, the concept of a critical realignment is a powerful tool in the study of electoral change. This concept can also provide the theoretical dynamic and empirical base for constructing and testing a broader understanding of political change, one that ties the electorate to policy-making agencies, and is sensitive to the fact that organic changes in the American political system may well have led to a different constituent-party--government dynamic over the course of its development.

The assertions in this thesis are derived from insights generated from a multi-year study of patterns of American electoral change. Data on every presidential election between 1828 and 1984 were assembled for every county and most major cities (3,136 counties and cities, 107,974 unit-elections) in the U.S. A highly reliable procedure, based on cluster analysis, was developed to group contiguous counties into 215 electorally homogeneous, substate regions. These regions are

aggregates of counties (and some major cities) that ebbed and flowed together over time. In an analysis guided by the realignment tradition, a procedure based upon interrupted time-series analysis was developed to chart the patterns of electoral change in these 215 homogeneous regions.

The results of these analyses provide a unique and empirically well grounded basis for reassessing the concept of a critical realignment and its role in American politics. I begin by using the insights derived from these analyses to reassess the "End of Realignment" movement. Then I offer a restatement of the concept of a critical realignment, using the results of the study to illustrate its utility. These data reveal when and where critical realignments in presidential voting patterns occurred in the U.S. since 1828. They also provide measures of the contours (magnitude, duration, form) of these interruptions.

Working Paper #23: "Affirmative Action in America: A Provisional Assessment of Who Benefits and Who Sacrifices," by Cedric Herring

Abstract: This paper uses data from the 1990 General Social Survey to provide a provisional assessment of arguments that affirmative action policies have been (1) ineffective in redistributing income and life chances to those from disadvantaged backgrounds, (2) detrimental to white workers' images of racial minority workers, and (3) deleterious to the economic well-being of white males. The results indicate that affirmative action is associated with dramatic increases in the earnings of racial minorities, women, and those from low-income backgrounds without corresponding decreases in the incomes of others. These effects hold true net of other correlates of

income such as sex, age, education, marital status, economic sector of employment, region, and urbanicity of place of residence. Indeed, for racial minorities, the effects of affirmative action on income are accentuated once other determinants of income are taken into consideration. Affirmative action has virtually no net effect on occupational prestige and professional status, however. Moreover, for all groups examined except racial minorities, it is associated with the belief that "reverse discrimination" is likely to occur. Affirmative action is found to have no systematic effects on impressions of Blacks' work habits and levels of intelligence. The implications of these results are discussed.

ETHICS IN GOVERNMENT AWARD

In recognition of his outstanding service to the people of Illinois and the nation, the University of Illinois has established the Paul H. Douglas Ethics in Government Award, to be administered by IGPA.

Paul H. Douglas had a distinguished career as an internationally known economist, gifted teacher, alderman, and a decorated Marine war veteran and U.S. Senator. Before joining the faculty of the University of Chicago in 1920, Douglas served as an instructor at the University of Illinois in 1916-1917. He served as senator from Illinois during the critical post-WWII years, from 1949 to 1967. The award is being established as part of the celebration of his 100th birthday.

The award will be given to an elected or career government official or former government official, at any level of government and regardless of party, or in some circumstances to a private citizen whose public

actions or writings have made a significant contribution to the practice and understanding of ethical behavior in government. It should be a person whose career demonstrates or promotes respect for high standards of public service. The award will be presented annually at a dinner on or near Douglas' birthday in March.

The recipient of the award will be encouraged to give a major lecture in Illinois at either the UIC or the UIUC campus. The lecture will be published by the institute, which will also organize an ethics in government educational program. This program, supported by the Douglas Award Endowment Fund, will consist of lectures, symposia, conferences, etc., on the subject of ethics in government, and will include activities involved in the award presentation.

The establishment of the Paul H. Douglas Award could not come at a better time. It is increasingly clear that we need to make a renewed effort to attract the best talent available in this country to public service. It is also critical that we promote the highest standards for performance in government. The Douglas Award should serve to promote these goals and the legacy of this great leader from the state of Illinois.

ED AMENDMENT

To provide a balanced and impartial analysis of the policy issues inherent in the constitutional amendment that appeared on the November ballot in Illinois, IGPA organized a conference in cooperation with the Illinois Cooperative Extension Service. The program included presentations by Senator John Maitland, G. Alan Hickrod, and Prof. Jim Ward—all of whom helped write the amendment--

as well as Samuel K. Gove, Therese McGuire, and J. Fred Giertz. Giertz put together the agenda and did most of the organizational work. The meeting was held in Springfield on September 2 and then repeated in Chicago on September 21. Over 100 people, including a number of media representatives, attended the two sessions. Shortly after the meetings, Professor Giertz prepared a white paper on the subject, which was distributed to all those who had attended the meetings, as well as a selected list of media people. In addition, an audio tape was prepared by the Public Affairs Office and also widely distributed.

BRACE VOLUME ON THE PRESIDENCY

(From the National Journal, 10/10/92:2335) Follow the Leader: Opinion Polls and the Modern Presidents

Presidents typically say that public opinion polls don't shape their decisions. But Paul Brace, an associate professor at the Institute of Government and Public Affairs at the University of Illinois (Chicago), and Barbara Hinkley, a professor of political science at Purdue University and consultant to ABC News, contend otherwise. "If popularity becomes the basis for White House decision making, then war and peace as well as issues and agendas in Congress will be chosen not on their merits, but on their predicted poll impact," they write. Brace and Hinkley examine Presidents from Truman to Bush and identify polling patterns across administrations, arguing that the presidential selection process favors those who pay the most attention to polls. They say that hostile relations between nations tend to boost a President's standing in the polls (peacemaking efforts apparently

don't, and blame the press for perpetuating the influence of polls).

OP-ED EFFORT

Last fall IGPA initiated a series of op-ed articles in the Chicago Tribune. Under an arrangement worked out by Paul Quirk with an editor of the Tribune, IGPA faculty members propose topics for possible op-ed articles, usually on matters of special concern to Illinois. The Tribune selects those articles it wishes to receive, and the faculty members then write the articles. With the author's permission, Quirk or another faculty or staff member helps edit the article, which is then submitted. Since the initiation of this arrangement, four articles have been submitted, and all four have been published on the Tribune op-ed page. Paul Brace wrote a critical evaluation of proposals for term limitations on members of the Illinois General Assembly. Paul Quirk wrote a critique of the Illinois legislative redistricting process, advocating major reforms. Fred Giertz analyzed the likely consequences of a proposed education finance amendment to the state constitution. And James Kuklinski wrote a commentary on the sources of racial conflict in contemporary American politics.

The institute plans to continue and expand this effort to reach a broad governmental and public audience. It will continue to publish a series of op-ed articles in the Chicago Tribune. Articles are currently planned on the effect of the North American Free Trade Agreement on the Illinois economy, the Bush campaign's strategy of blaming Congress, the causes of racial differences in measured intelligence, the state role in reforming health care, and other subjects. In addition, a group of faculty are exploring

options for new institute publications and services aimed at providing information and commentary on Illinois problems and issues.

REAL

The Regional Economic Applications Laboratory (REAL) continues to focus its activities on Chicago, although a number of other projects involve work in Iowa, Wisconsin and Northern Virginia. The Chicago Econometric Input-Output forecasting model has been updated and expanded; annual forecasts are now available for 36 sectors for the years 1990-2015. An active marketing program this fall will focus on trying to expand the number of clients. A parallel model for Iowa has been completed and is now ensconced in the Office of the Legislative Fiscal Bureau in the State

of Iowa, to be used for assessment of the potential impacts of new legislation, tax cuts and other programs. The model has been "translated" into a WINDOWS environment to run on a 386 IBM compatible PC in interactive form. Soon to be added graphics and report-generating capability will enhance its utility.

REAL is also assisting in the development of a similar model for Wisconsin and Northern Virginia. The ultimate goal is to try to create comparable models for all of the Midwest states and then to link them together. Three other major studies were completed this year--(1) occupational forecasts for Chicago 1990-2000; (2) the role of electricity costs in production in Chicago and (3) the regional impacts of the U.S.--Canada Free Trade Agreement on the midwestern states.

WORKSHOPS AND SEMINARS

Ethics in Government was the subject of an afternoon panel discussion held on October 23 in the IGPA-Urbana conference room. Panelists were Senator Paul Simon, Howard Shuman (long-time aide to Sen. Paul H. Douglas), David Linowes, and Bob Rich. The audience comprised C-U citizens as well as interested people from across the campus.

Eleven **Governor's Interns** met in the IGPA-Urbana conference room on November 6 to discuss and hear about the implications (financial and otherwise) of the vote on the proposed constitutional amendment on education finance. Speakers included J. Fred Giertz, John Carihfield, and Jim Ward (affiliate, College of Education).

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DIRECTOR'S STATEMENT

by Robert F. Rich

Over the last nine months, IGPA has been going through a strategic planning process. We have been assessing our past record and asking ourselves a number of questions: What directions do we want to be moving in over the next five years? How can we contribute to the education, research, and public service mission of the university? Some of our current activities are building a foundation for where we wish to be.

One of our major goals is to strengthen our relationship with state and local levels of government, while beginning to build a presence at the national level. IGPA, in cooperation with the Illinois Taxpayers' Federation, is hosting a meeting for new legislators in the Illinois General Assembly. The meeting will be held March 8-9, 1993, at the Lincoln House in Springfield. All 53 freshmen have been invited. The focus of this meeting is a discussion of some of the critical policy issues facing the people of Illinois: health care, education, and the state's fiscal and economic situation. Experts in these areas, drawn primarily from IGPA and University of Illinois faculty, will highlight key facts and issues; the discussion will focus on ways in which some of these issues may be addressed. In contrast to what is done by the Legislative Research Bureau, we are not focusing on how

to be a legislator or the mechanics of how the legislature works; instead, we are seeking to familiarize the new legislators with the issues they will be facing.

IGPA is continuously looking for new and different ways of bringing the research of our faculty into debates over what policies should and will be adopted. This fall we were quite active in the discussions on the proposed "Education Amendment" to the Illinois Constitution. In the fall we held conferences in Springfield and Chicago that were designed to bring all stakeholders together for a critical discussion of the issues surrounding the amendment. We published and widely distributed a white paper on the subject and put out a short cassette for media and other interested parties on the issue. We are committed to similar efforts on other critical issues facing Illinois. For example, we are planning to hold a state-wide conference on property tax reform in Illinois in early 1994.

The first year of the Clinton administration also presents IGPA with a new opportunity. We can expect to see several major pieces of legislation introduced over the next several months. IGPA will analyze some of this legislation from the Illinois perspective. We will examine potential unintended effects

as well as ways in which the legislation might affect our state but not others or other regions. These analyses will be published in short reports which will be distributed to elected and appointed officials in Illinois.

We also continue to be committed to strengthening a number of specific policy research areas: fiscal and regional development studies (public finance and state economic development); health; law and public policy; governmental institutions and processes; and poverty, social problems, and urban policy. In each of these areas we are striving for excellence and for contributions to the policy debate at all levels of government.

By 1998 I hope that our faculty and staff can enjoy an IGPA that is viewed within state and local government as the place of choice for dispassionate analysis and discussion of critical choices facing society.

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The Myth of Divided Government, by Paul J. Quirk (p. 6)

FACULTY AND STAFF ACTIVITIES

DANIEL ALPERT (special adviser) was commended in a letter from Walter Massey, director of the National Science Foundation, for his paper, "Addressing the Need for More Problem-Oriented Research: The Potential of Interdisciplinary Centers," which he presented at a "Conference on Faculty Roles and Rewards," sponsored by the American Assn. for Higher Education in San Antonio in January.

DICK ARNOULD (affiliate, economics, UIUC) was asked by Governor Jim Edgar to serve on the Illinois Health Care Reform Task Force, which was given the charge of developing long-term strategies for controlling rising health care costs in the state, looking at current service delivery systems, and making recommendations for restructuring the Illinois Medicaid Program.

VAUGHN BLANKENSHIP served as a resource expert and discussant at a 3-day Program Management Seminar in West Virginia for 35 new National Science Foundation program officers and other professional staff members.

PAUL BRACE is organizing a conference on "Problems and Prospects in State Economic Development." It will be held May 14-15, 1993, in Chicago at the University Club and will feature top scholars from around the country, including Paul Peterson from Harvard, Virginia Gray from Minnesota, and Richard Winters from Dartmouth.

DAVID CHICOINE reports that the Property Tax Recodification Advisory Committee, which he is serving on, has completed the recodification work and has written a bill that will be introduced to the legislature this spring. The

committee will now turn its attention to some of the policy issues raised during its deliberations and IGPA will host a conference next fall at which these issues will be discussed further.

JONATHAN CRANE has written a series of papers demonstrating that there are no genetic differences in intelligence between blacks and whites. He is coauthoring a paper on family formation and dissolution, and he is planning a book on the effectiveness of social programs. He designed a work and training program for unemployed youth and is now designing an early intervention program for preschoolers.

JOHN CRIHFELD was program chair for the annual meeting of the Illinois Economic Assn., which was held in October at the Palmer House in Chicago. The luncheon speaker was Gary S. Becker of the University of Chicago, who had been awarded the Nobel Prize in Economics a few days before the conference. In addition, the study that Prof. Crieifield did for the Cleveland Arts Consortium on the economic impact of the arts was featured in an American Public Radio broadcast.

RICHARD F. DYE reports that the initial results from research done in collaboration with THERESE J. McGUIRE on the determinants of state government spending were published in the National Tax Journal in September. Prof. Dye and J. FRED GIERTZ presented an analysis of voting data from the recent education amendment referendum to the National Conference of State Legislatures and are extending that analysis for a chapter in a National Tax Assn. book on school finance reform.

J. FRED GIERTZ presented a paper (coauthored by THERESE J. McGUIRE) entitled "Regional and

Statewide Property Tax Base Sharing for Education" at the annual conference of the National Tax Assn. at Salt Lake City on October 14, 1992. He also presented a paper (co-authored by RICHARD DYE) entitled "Voter Preferences for Equalization: Evidence from Illinois" at a conference on "The Challenge of Fiscal Equalization" held on January 7, 1993, in Denver by the National Tax Assn. and the National Conference of State Legislatures.

SAMUEL K. GOVE is the editor of a forthcoming volume, The Illinois Public Service: Problems and Perspectives, to be published by the Illinois Assn. of Graduate Programs in Public Administration. It contains papers prepared in support of the work of the Illinois Commission on the Future of the Public Service. In addition, his paper "A Wolff at the Door of Illinois Higher Education: A Case Study of Politics & Education" was reprinted in State Government, CQ's 1992-93 guide to current issues and activities.

BOYD KEENAN's chapter "The Chicago Area Ecopolitical System" appeared in the 1993 edition of Chicago's Future in a Time of Change, edited by UIC political scientist Dick Simpson. (A fuller description of his argument is presented later in this newsletter.)

THERESE J. McGUIRE presented papers based on her work with Teresa Garcia-Mila at two research conferences last fall. At the October annual research conference of the Association for Public Policy Analysis and Management held in Denver, she presented a paper on public infrastructure and economic growth. At the November meetings of the North American Regional Science Assn. meetings in Chicago the coauthors presented their paper on industrial mix as a factor in regional economic growth. In addi-

tion, Prof. McGuire has been appointed by Cook County Assessor Thomas Hynes to a nine-member review committee charged with studying various aspects of the assessment process. Prof. McGuire has also been named an Academic Leadership Fellow of the Committee on Institutional Cooperation for 1992-93. CIC is a consortium of the Big Ten universities and the University of Chicago and Northwestern University. Fellows attend three two-day seminars at different campuses throughout the year on topics such as long-range planning and budgeting, and human resources.

ANNA J. MERRITT will be a presenter in the second of six workshops in the "Revenue Enhancement Workshop Series," which will bring together professionals and practitioners seeking alternative revenue sources for public school districts. The series was organized by the UIUC Community Information and Education Service of the Office of Continuing Education and Public Service.

MILDRED A. SCHWARTZ (affiliate, sociology, UIC) presented a paper, "The Role of Ideology in Third Party Movements in Western Canada and the United States," at the biennial meeting of the Association for Canadian Studies of Australia and New Zealand, held in Wellington, NZ, in December. Prof. Schwartz also participated in a panel on the 1992 U.S. election in historical perspective at the Social Science History Assn. meeting in mid-November.

NED STOWE is managing a collaborative research project for IGPA, the Institute for Environmental Studies, and the Army Environmental Policy Institute, which seeks to evaluate the past environmental policy mechanisms used in three environmental program

areas: pollution prevention, environmental restoration, and natural resource conservation. As part of this project he is participating in a university-government-industry workshop series on market-based approaches to environmental policy, organized by Richard Kosobud (IGPA affiliate, economics, UIC).

TOM ULEN was on sabbatical during the fall 1992 semester and spent the time writing the second edition of his book Law and Economics as well as parts of three other books—one on quantitative methods in legal decision making, a second on cognitive science in the economic analysis of law, and another that is tentatively entitled An Introduction to the U.S. Economy. He also wrote papers for several journals, presented papers at a number of conferences, and spent a week in Moscow in January on a project about privatization in the Russian Federation. In addition, Professor Ulen will be teaching at the law school at Katholieke Universiteit-Leuven, Belgium, from February 15 until March 19, 1993.

WILL WHITE has published two articles and given a number of presentations in recent months. "Prospective Payment for Psychiatric Services" (coauthored with M. Dada, H. Stokes, and P. Kurzeja) appeared in the Journal of Health Politics, Policy and Law, and "Market Segmentation in Local Hospital Markets" (coauthored with D. Dranove and L. Wu) was published by Medical Care. Presentations included: "Prospective Payment Options for Psychiatric Services" at the Health Policy Seminar Series at Northwestern University, "The Health Care Crisis: Causes and Solutions" at Haverford College, and "Health Care Reform: Implications for the Health Insurance Industry" at the Chicago chapter of the American Statistical Association.

WYER AS IGPA VISITING PROFESSOR

Through an arrangement with the Dept. of Political Science and the College of Liberal Arts and Sciences, Robert Wyer of the UIUC Dept. of Psychology has a visiting appointment in the institute from January 1, 1993 until December 31, 1994. Professor Wyer has a Ph.D. from the University of Colorado, taught at the University of Illinois at Chicago from 1965 until 1973 when he moved to the UIUC campus. He has been a visiting scholar at Stanford, a visiting professor in Leuven, Belgium, and a research fellow at the University of Mannheim in Germany. He is series editor (with IGPA faculty member Jim Kuklinski) of the Cambridge studies in political psychology and serves on several editorial boards. His area of specialization is social cognition.

STRATEGIC PLAN FOR IGPA

Last spring the institute embarked on an ambitious undertaking: to write a strategic plan for the next five years. The effort began with a two-day retreat for all faculty members at Starved Rock State Park in May 1992. The retreat was facilitated by Yvonne Jeffries, a professional consultant from Chicago. Working with the results of that meeting, a committee chaired by Tom Ulen committed the first draft of a plan to paper; a second draft was written under the leadership of Therese McGuire. Following several additional iterations and a number of four- and five-hour meetings, the final plan (a 13-page document) was presented to the faculty at a meeting held on February 25 in the conference room of the Urbana office. It contains "A Vision for the Future," a description of the present strengths of the

institute as well as a list of the major issues it faces, seven specific goals, and an in-depth discussion of the actions that need to be undertaken to meet these goals; the document ends with a section on "Staffing and Budgetary Issues."

SEMINAR FOR NEW STATE LEGISLATORS

IGPA will host a seminar for new members of the Illinois General Assembly on March 8-9 at the Lincoln House Conference Center in Springfield. The legislators will have an opportunity to discuss three important policy areas—health care financing, education financing, and economic issues—with faculty members from UIUC and UIC.

REVIEW OF TAX & BUDGET DEVELOPMENTS IN 1992

IGPA has issued a publication containing the reports written by J. Fred Giertz and Therese J. McGuire for State Tax Notes during 1992. In addition to the reports, the collection contains a preview written in December 1991, as well as a wrap-up of 1992 and preview of 1993 written at the end of 1992. The review concludes with two longer articles, both dealing with educational finance.

BROWN BAG SERIES

Both IGPA offices have organized brown bag series this year. On the Chicago campus speakers and topics included:

Paul Brace, "Foreign Policy Activities of American Presidents"

Tony Orum (Sociology) "The Rise and Fall of Milwaukee"

Doris Graber (Political Science) "Why Voters Don't Learn"

Gary Albrecht (Sch. of Public Health) "STD-HIV Risktaking Among Youth and Adolescents in France, the U.S. and the U.K."

Chuck Orlebeke (Sch. of Urban Planning & Policy) "In Search of the Clinton National Urban Policy"

Angela Adan (IGPA & CPRD research associate) "Project Success: Integrating Health, Education, and Human Services"

Joe Persky (Economics) "The Service Economy and Metropolitan Economic Development"

Speakers and topics for the Urbana series included:

Pablo T. Spiller, "Recent Research"

Round Table discussion: The Economy and the Campaign

Round Table discussion: Political Strategy and the Campaign

James R. Kluegel (Sociology), "Popular Beliefs About Poverty and Wealth: An East-West Comparison"

James F. Keane, "Tips for Dealing with State Legislators"

Richard J. Arnould (Economics), "Health Care Policy Alternatives in Illinois, and the Governor's Task Force on Health Care Reform"

Round Table discussion: J. F. Giertz, Thomas Ulen, Robert Spitze, John Cridfield, "Clinton's Economic Policy Initiatives"

Nan M. DiBello, "Jobs for Welfare Recipients in a Changing Economy"

POLICY FORUM

Policy Forum is designed for a general audience as well as the academic reader and is published in cooperation with the Cooperative Extension Service in the College of Agriculture, UIUC. Each issue is devoted to a single topic and is presented in a four-page newsletter format. For a list of all titles or for copies of back issues, please contact the IGPA-Urbana office. Two issues of Policy Forum have appeared so far in this academic year:

"Population Changes in Illinois During the 1980s," by Everett G. Smith, Jr.

"Jobs and Taxes: Do State Taxes Affect Economic Development?" by Therese J. McGuire

DISTINGUISHED LECTURE SERIES ON PUBLIC POLICY AND THE ENVIRONMENT

This year IGPA, the Institute for Environmental Studies and the Army Environmental Policy Institute are cosponsoring a distinguished lecture series on public policy and the environment. The purpose of the series is to explore the scope and substance of environmental policy research, to assess its role in and contribution to the policy-making process, and to examine the agenda for environmental policy research in the next decade.

The first speaker was Daryl Chubin, Senior Analyst from the Congressional Office of Technology Assessment. Chubin's lecture focused on the complex relationship between the federal government and American research universities in the context of changing public perceptions of the role and value of science in society.

The second speaker (February 23) will be M. Granger Morgan, Head of the Department of Engineering and Public Policy at Carnegie-Mellon University. His lecture will focus on how policy makers can improve the decisions concerning global climate change. The following day he will lead an IGPA brown bag seminar on communicating risk to the public.

The third speaker (March 22) will be Aaron Wildavsky, Professor of Public Policy and Political Science at the University of California at Berkeley. His lecture is entitled "But Is It True?" He will explore the relationship between knowledge and action in managing risks to public health and safety and the environment. The following day he will lead an IGPA seminar on public risk perception and public policy.

REAL

The Regional Economics Applications Laboratory (REAL) has finished the construction of the Iowa Regional Econometric Input-Output Model. It is currently being used by the Iowa Senate's Legislative Fiscal Bureau. Construction of similar models for Wisconsin, Virginia and Indiana is under way. REAL has also started publishing a series of Discussion Papers. Among the dozen titles are: "Forecasting with Regional Input-Output Tables" and "Regional and Interregional Impacts of the U.S.-Canada Free Trade Agreement." The papers are available upon request from Geoffrey Hewings, Director, REAL, 220 Davenport Hall, Urbana, IL, 61801-3671, phone (217) 333-4740, FAX (217) 244-1785; or from Eduardo Martins, IGPA-Urbana, phone (217) 244-0008.

THE CHICAGO AREA ECOPOLITICAL SYSTEM by Boyd Keenan

[Editor's note: The following paragraphs are a summary of a chapter contributed by Prof. Keenan to a book to be published in 1993.]

Department of Energy (DOE) recently revealed the "fate" of nuclear reactors and related waste from the fabled World War II Manhattan Project in its earliest period at the University of Chicago. Through many decades following completion of the supersecret Chicago project phase--during which some of the free world's finest scientific minds produced the first controlled nuclear chain reaction--tight security prevented public awareness of the transport and fate of the radioactive refuse.

It is now known that much of the Manhattan Project waste is stored at a DOE facility known as the Feed Materials Production Center (FMPC), at Fernald, Ohio, about 20 miles northwest of Cincinnati and the Ohio River. Built more than 40 years ago, the center was not designed to be a waste-storage facility. Rather, its purpose was to process uranium for use in nuclear warheads and military reactors. The installation had performed this function and also served as a waste dump until the 1988 disclosures. It is now regarded as probably the nation's third most contaminated nuclear weapons waste site.

Not until the fall of 1988 did DOE officials acknowledge that the Fernald site contained massive amounts of nuclear waste, most of it from weapons plants around the country. Within days came the public revelation that the Manhattan Project cache, transported to Fernald from Chicago many years ago--no doubt a very small portion of the

total site waste--was indeed stored somewhere midst hundreds of tanks, drums, silos and underground pits. Apparently no one knows how much uranium, radium, thorium and other nuclear byproducts are contained at Fernald.

Political dynamics--at all levels of government and perhaps largely benign in nature--allowed the original Atomic Energy Commission (AEC) and other organizations, including today's DOE, to delay these disclosures many years past the time when secrecy was required.

Nuclear waste created in a secret Chicago laboratory near Lake Michigan more than 50 years ago was at some point clandestinely moved to a site in the broader Cincinnati area only a short distance from the Ohio River. Thus, a political climate over a 45-year period permitted shifting of weapons-related nuclear waste from one important ecosystem to another equally-important system without the knowledge of officials responsible for health and the environment in either area.

\$78 Million Settlement

The significance of possible health abuses from waste at the Fernald site was demonstrated in late 1989 when a federal judge awarded a \$78 million settlement to residents of the radiation-contaminated community by the government. The ruling marked the first time citizens near one of the 17 major federal nuclear weapons plants were successful in holding the federal government accountable for pollution.

Tragic as it is, the Fernald saga does not match in terms of human abuse many of the nuclear disasters in the former Soviet Union and Eastern Europe. Lessons from these kinds of ecological tragedies should be

publicized from country to country. Regardless of the ideologies of individual countries, the political process in each country will determine whether such challenges are effectively met.

The Chicago/Cincinnati nuclear waste episode illustrates the risks which are particularly severe for massive urban areas when decision makers are ill-informed of the transport and fate of dangerous wastes. It is also clear that unprecedented environmental problems cannot be treated effectively unless ecosystem specialists and political leaders join together.

Opportunities for Chicago

The confusion as to the movement of nuclear waste sometime over the past 30 to 35 years to a site near Cincinnati suggests that Chicago may be an ideal location for initiating ecopolitical studies. Why did such confusion exist? Is there still a breakdown in communications? Are there effective inter-governmental devices among different jurisdictions to monitor such movement?

What is needed in the Chicago megalopolis is an audit of nuclear and other wastes that exist. Such an audit should be prepared in a way that can be understood by policy makers and the public. Based on the audit, a rational plan for decreasing pollution, disposing, restoring wetlands and other sections of the region can be created.

There should be every year a "state of the region" message prepared by universities and governments in the metropolitan area to catalogue the flow of energy, natural resources, pollution, and waste across the region. Complex environmental impact studies are required under the federal National Environmental

Policy Act of 1970 (NEPA) for certain large projects. They should be supplemented by metropolitan impact studies for all major private and public projects.

THE MYTH OF DIVIDED GOVERNMENT

by Paul J. Quirk

[Editor's note: The following Op-Ed piece appeared in the Chicago Tribune on December 10, 1992.]

For only the second time in 24 years, the nation elected a president whose political party also controls Congress. Expectations are high that unified party control will bring an end to "gridlock," help President-elect Clinton secure bold new policies to solve national problems, and ensure that government behaves responsibly.

In fact, however, unified government is no guarantee of improved performance. Clinton's ability to deliver on his promises will depend less on the party lineup in Congress than on his own leadership.

Politicians and commentators have been blaming divided government for the nation's political troubles. In recent polls, a large majority of the public has endorsed this diagnosis.

Judging from the historical record, however, divided government seems to make very little real difference. From 1947 to 1992, the presidency and both houses of Congress have been controlled by the same party during four periods for a total of 18 years. There have been four other periods of divided control, amounting to 28 years.

Does divided government lead to deadlock and immobility? Clearly not. In a noteworthy recent study, Yale University political scientist

David R. Mayhew carefully identified 267 important laws enacted by Congress between 1947 and 1990 to determine which periods were most productive. He found that under unified government, each two-year Congress enacted an average of 12.8 important laws. Under divided government, each Congress enacted only one fewer 11.7--and that figure is understated by counting the sweeping budget and tax cuts of 1981 as just two laws.

Rather than depending on unified government, major policy changes occur when national conditions or the public mood demand them. In the 1960s and early 1970s, for example, Congress passed numerous laws on civil rights, social policy and environmental protection. Much of this happened under two Republican presidents, Nixon and Ford, whose administrations were therefore highly productive notwithstanding divided government.

During the early 1980s, a conservative wave induced a Democratic Congress to go along with tax cuts, domestic spending reductions, and a defense buildup sponsored by Republican President Ronald Reagan.

Not only does divided government sometimes permit dramatic policy change, Mayhew also refutes the common presumption that it produces incoherent or irresponsible policies. Prior to the 1980s, for example, divided government was no more likely than unified government to run large budget deficits. Massive deficits are a distinctive pathology of the Reagan era and its aftermath, not a consequence of divided government.

The 103rd Congress should have an effective Democratic working majority. The House will have 259

Democrats and 175 Republicans. By recent standards, that is a fairly small Democratic advantage, especially for a newly elected Democratic president. But owing to an electoral realignment in the South largely completed in the 1980s, only a handful of the Democrats are Southern conservatives, likely to vote with the Republicans.

In the Senate, the Democrats will have a narrow 57-43 advantage—but with only two or three conservative Democrats. Minority Leader Bob Dole has warned that Republicans will use the filibuster to block "bad" legislation that Clinton proposes. But absent Democratic defections, Dole will need almost unanimous Republican support to reach the 41 votes required under Senate rules to block cloture.

At least in the first year, many Republican senators undoubtedly will prefer to give Clinton's programs a chance to work. Among other reasons, many of them represent states that Clinton won.

Without doubt, Clinton will find advantages in dealing with this Congress. Left to its own devices, however, it would probably seek to extend or restore traditional Democratic policies. It will not take a new direction, such as Clinton has called for, unless it finds compelling support for it.

That is where presidential leadership comes in. The fate of Clinton's program will turn on whether he can elicit broad public support for his specific measures.

For the most part, that task will not require transforming public opinion. With his election mandate and the current desire for change, it will require mainly that Clinton fashion a program that is seen as making good on the major promises of his

campaign. It must genuinely promote investment and growth; ensure broad health-care coverage and control its costs; and get poor families off the dole without condemning them to desperation and homelessness. It will have to finance all of this, contrary to Bush's warnings, without large tax increases on the middle class.

In one area, the task will be harder. To elicit support for his long-term goal of gradually reducing the budget deficit, Clinton will have to do more than devise clever solutions. He will have to teach the public about the consequences of sustained deficits and persuade it to accept genuine sacrifice.

Unless President Clinton succeeds in these tasks of presidential leadership, American government will remain stymied. We will have gridlock by other means.

1992 WRAP-UP AND 1993 PREDICTIONS

by J. Fred Giertz and Therese J. McGuire

[Editor's note: This is an excerpt of an article that appeared in the January 4, 1993 issue of State Tax Notes.]

1992 Reviewed

The calendar year began with a \$350 million impending deficit in the fiscal 1992 budget. The governor and the General Assembly reduced the deficit with mid-fiscal-year cuts of \$275 million, along with various fund transfers and bond refinancing.

In June, budget problems still confronted the state for the fiscal 1993 budget. After much debate, an agreement was reached that actually reduced the general fund budget below the previous year's level. This

resulted in a reduction of 2,800 state workers. Only 13 of 90 state agencies received increases in state funds.

The agreement was accomplished without significant tax increases, thus keeping a pledge made by the governor during his election campaign. Although there are lingering fiscal problems, the combination of the budget cuts and the recovery of the state's economy suggest the crisis may well be over.

1993 Preview and Predictions

Illinois state budget problems are not expected to be as severe in 1993 as they were in 1992. In fact, the fiscal 1994 budget promises to be under less stress than any budget in the last three years. By the end of fiscal 1993 (June 30, 1993), the state will have made substantial headway in limiting the size of state government and paying off overdue bills. Most of the revenue growth in fiscal 1993 will be needed to reduce the backlog of bills and to replace borrowing and other nonrecurring revenue sources from the previous year.

Resources for one-time expenditure needs in 1993 (of approximately \$300 million) will be freed up in the next fiscal year. Natural revenue growth also will add at least \$500 million in state revenue. This means the state is likely to have \$750 million or more in new revenues available for fiscal 1994. This will be a welcome change from the previous two years. It also will be a challenge for state politicians to maintain continued fiscal discipline in a noncrisis environment.

The prediction of an easing of the state's fiscal crisis assumes continued economic recovery and continued use of nongeneral fund revenues (such as the health care provider taxes) to finance Medicaid.

There will be no general tax increase in 1993. Edgar has pledged there would be no net general tax increases during his first term. With President Bush's defeat after recanting his "read my lips" pledge, the governor is more determined than ever not to raise taxes. On the Democratic side, little interest exists for pushing a general tax increase.

The real tax issue in 1993 will be whether the state income tax rate will be allowed to fall. Under current law, the state income tax rate is scheduled to fall from three to 2.75 percent (with comparable reductions in the corporate rate) on July 1, 1993. State revenue sharing with cities and counties will also be reduced at that time.

By letting the higher tax rate expire, the governor and General Assembly could claim not only the avoidance of a tax increase, but an actual reduction of taxes. On the other hand, the state still has substantial fiscal problems that would be aggravated by reducing tax revenues. We predict some type of compromise in which the tax rate remains at three percent with continued sharing with local governments.

Education finance reform will be a major issue during the year, but no substantial changes will take place even though modest additional revenues will be allocated to schools. The drive to increase overall state funding and reduce disparities will face a new hurdle: a Republican Senate dominated by suburban interests. The Senate will be controlled by suburbanites who stand to lose from education finance reform. Many suburban districts receive insignificant state school aid while paying relatively large amounts of state income and sales taxes because of their high incomes. Increased state funding would increase the redistribution from the suburbs to other parts of the state. Regardless of the pleas of the education lobby, now is not the time for major finance reforms.

The system of health care provider taxes will continue in modified form. Few people like taxing hospitals and nursing homes to fund Medicaid costs, but there are few acceptable alternative sources of revenue. An income tax increase and an extension of the sales tax to services have been suggested as alternative sources of financing, but these ideas have generated little support.

After two years, the state is now dependent on the provider taxes. The state is unwilling to raise \$750 million in alternative taxes and has been unable to rein in Medicaid costs. The current charges will expire on June 30. The state will devise a modified set of provider taxes that will meet federal guidelines while addressing some of the complaints of nursing homes and hospitals.

Some type of grand compromise will be reached concerning casino gambling in Chicago and a third Chicago airport. The situation is so fluid that the details of the compromise cannot be predicted now.

The legislative leaders have announced their intention to move the scheduled adjournment of the General Assembly forward one month (to May 31) to avoid the usual last minute rush of business. This noble idea will not work. The pressure of the June 30 deadline (in the state constitution) was necessary to focus the attention of the legislators and force compromise. An artificially imposed May 31 deadline will not have the same impact.

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NEWSLETTER

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INSTITUTE OF GOVERNMENT & PUBLIC AFFAIRS
UNIVERSITY OF ILLINOIS
1007 W. NEVADA STREET/URBANA, IL 61801
921 W. VAN BUREN STREET/CHICAGO, IL 60607

Editor: Anna J. Merritt

DIRECTOR'S STATEMENT by J. Fred Giertz

[Editor's note: Prof. Giertz is serving as acting director this year while Bob Rich is on sabbatical.]

The Institute of Government and Public Affairs is playing an increasingly active role in bringing applied policy analysis to bear on a number of major current policy issues. The institute specializes in making technical policy analysis accessible to decision makers and interested citizens. Our long range institute plan affirms and expands our commitment in this effort.

IGPA is in the right place at the right time in that several important current national and state issues are areas in which institute faculty have a special interest. For instance, the area of state and local finance has been the focus of a great deal of attention in recent months, especially the issues of tax reform and reform of the state's educational finance system. In addition to their regular research work, institute personnel are deeply involved in several outreach activities involving tax and budget issues in Illinois.

We have provided background material and key testimony at several hearings around the state for the Illinois Senate Revenue Committee. This committee is charged with making recommendations for fiscal reform before next year's General Assembly session. James Keane,

a visiting senior fellow in the Institute and former member of the General Assembly, chairs the Comptroller's Local Government Affairs Public Hearings Committee on the impact of tax reform for Illinois. Institute staff have provided an overview and analysis of critical fiscal issues for this group's meetings in Chicago, Carbondale and in the IGPA building in Urbana. We are also scheduled to provide advice for the upcoming hearings of the Illinois House Revenue Committee.

Plans are also underway for two IGPA conferences on taxation and finance issues. Both are scheduled for next summer. One will deal with the impact of infrastructure on state economic development, while the other will investigate the impact of property tax caps in the Chicago area. The latter will be particularly important and timely since voters in Cook County will vote in the 1994 general election on an advisory question about extending tax caps to governments in their county.

Health care reform is—and has been—another issue of great interest to researchers in the institute. Robert Rich, IGPA director, is spending part of his sabbatical in Washington where he is keeping abreast of the controversies surrounding this issue. The institute is planning a conference next spring on the role of states in health care reform. Under the current Clinton administration proposal, states are slated to be key players in any new system of health care. Planning

for this conference was under way well before any details of the administration's plans were announced. We also are planning other meetings to provide policy makers with information on developments in this constantly changing arena.

The institute's ability to become a significant player in various policy debates is strengthened by our continuing commitment to high quality policy research. IGPA faculty members have been working for years on important questions in the public finance and health care policy areas. For example, a book entitled "Competitive Approaches to Health Care Reform," edited (and authored in part) by three IGPA faculty members (Richard Arnould, Robert Rich, and William White), was recently released—in the midst of the current national health care debate. This was the culmination of work that began two years ago with a national conference organized by IGPA and held on the Urbana campus. Similarly, the prominence of IGPA faculty in the debate over state and local tax reform is the result of many years of research and public service in this area. We decided several years ago to designate these fields as key programmatic areas in which to build up institute capacity. This has given us a running start in the current policy debates. We expect our involvement in these and other policy areas will be even greater in the future.

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FACULTY AND STAFF ACTIVITIES

GARY ALBRECHT (affiliate, health resources management, UIC) has published two books in the past year: The Disability Business: Rehabilitation In America (Sage, 1992) and Advances in Medical Sociology, Volume III: A Reconsideration of Models of Health Behavior Change, edited with Rick Zimmerman (JAI Press, 1993).

GILBERT BASSETT (affiliate, economics, UIC) is receiving support through Sandia National Laboratory to study strategies for managing high level nuclear waste. His paper "Breaking Recent Global Temperature Records" was recently published in Climatic Change.

PAUL BRACE's Follow the Leader: Opinion Polls and the Modern President (Basic Books) received the Richard E. Neustadt Prize for the best book on the presidency published during 1992 from the Presidency Research Group of the American Political Science Association. Another book, State Government and Economic Performance, was published by Johns Hopkins University Press (1993). He also organized a national conference on "The Politics of State Economic Development: Prospects and Problems in State Economic Intervention," in Chicago on May 14-15, 1993. In January 1994 Professor Brace will leave IGPA and move to Florida State University.

JAN BRUECKNER (affiliate, economics, UIUC) spent last year as a visiting professor at UC San Diego. His research focused on urban growth controls, the effect of housing capital losses on the macroeconomy, and the optimal design of mortgage instruments.

HARRY CAMPBELL, graduate research assistant in IGPA and the Dept. of Geography (UIUC) and a former research associate in the institute, has accepted a position with the Institute of Public Policy at George Mason University where he will develop a model for the Greater Washington, D.C. area using the model created by IGPA affiliate Geoff Hewings and the Regional Economic Applications Laboratory (REAL).

DAVID CHICOINE was the subject of an article by Richard Orr in the Chicago Tribune on October 11, 1993; Professor Chicoine predicted that taxes on Illinois farmland would continue to rise for the rest of this decade.

JOHN CRIHFELD presented papers at the Midwest Economics Association annual meetings in Indianapolis in April and at the Western Economics Association annual meetings in Lake Tahoe in June. "Evaluating Alternative Regional Planning Models: A Reply" (coauthored by Harry Campbell, IGPA research assistant) was published in Growth and Change (Spring 1993), and "Bureaucracy, Altruism, and Monetary Policy" (with John Wood, Wake Forest) was published in Public Choice (July 1993). In addition, an Op-Ed piece entitled "Adding state and federal taxes will subtract jobs" by Professor Crihfield and Martin Panggabean (grad student in ag econ) was published in the Chicago Tribune on August 26, 1993.

RICHARD DYE presented a paper on "A Theoretical Assessment of Tax Increment Financing Choices" at the Illinois Economics Association meeting. This year Professor Dye is supervising the gathering and analysis of data for a study of the impact of the Illinois Property Tax Extension Act of 1991, which capped increases in property tax extensions in the five "collar" counties surrounding Cook County. A conference on the subject is planned for Fall 1994.

J. FRED GIERTZ is serving as acting director of IGPA during this academic year while Robert Rich is on sabbatical. Professor Giertz, David Chicoine, John Crihfield, Dick Dye, and Therese McGuire are working with the Illinois Senate Revenue Committee on a reform of the state's revenue system and are participating in the committee's statewide tax reform hearings.

SAMUEL K. GOVE served on the Governor's Human Resources Advisory Council, which recently issued its final report, "Recommendations for Change." Professor Gove chaired the subcommittee on Images of State Government. (See his essay, p. 6.) He also had a chapter on Illinois published in Interest Group Politics in the Midwestern States, edited by Ronald Hrebenar and Clive Thomas (Iowa State University Press, 1993).

JIM KEANE has been appointed to the Illinois Comptroller's Local Government Advisory Board and chairs its public hearings committee. Recently he also addressed a conference on "Building Public Support" for the American Association of State Colleges and Universities in Chicago where he discussed legislative strategies and relations with university presidents and government relations directors.

RICHARD KOSOBUD (affiliate, economics, UIC) organized a two-day conference on "Cost-Effective Control of Urban Smog" in Chicago on June 6-7, 1993. The conference attracted 100 participants representing environmental groups, business, academia, and government agencies.

JIM KUKLINSKI organized a national conference on political psychology that was held in the IGPA-Urbana conference room in June; the proceedings will be published by Cambridge University Press. During the summer Professor Kuklinski

worked with the staff of Illinois Issues magazine on a survey of Illinois high school seniors to examine their social and political values, and personal expectations and aspirations.

DAVID LINOWES (special advisor) has written a chapter entitled "Future of Communications" for the Encyclopedia of the Future and wrote a chapter on "Privatization: Problems of Implementation and Opportunities" for a book being edited by UIUC political scientists Edward Kolodziej and Roger Kanet on Coping with Regional Conflict.

RAM MAHIDHARA, senior research associate in the REAL project, has accepted a position with the AMOCO Corporation at its headquarters in Chicago as of November 1, 1993.

THERESE MCGUIRE presented a report entitled "An Evaluation of Illinois' Individual Income Tax and General Sales Tax with Options for Reform" at the August 19 meeting of the Senate Revenue Committee. She and her coauthor Teresa Garcia-Milà (Barcelona, Spain) are working on two papers dealing with industrial mix and regional economic growth for conferences to be held this fall in London and Washington, D.C. An article on "Reconsidering Illinois' flat-rate income tax" by Professor McGuire appeared in the October issue of Illinois Issues magazine; the article argues that the Illinois income tax is one of the least progressive state income tax systems in the country.

STUART NAGEL (affiliate, political science, UIUC) has authored two books: Professional Developments in Policy Studies (Greenwood Press, 1993) and Developing Nations and Super-Optimum Policy Analysis (Nelson-Hall, 1993). He also presented papers at the Midwest Political Science

Association and American Political Science Association annual meetings.

BOB RICH, director of IGPA since 1986, is on sabbatical leave for the 1993-94 academic year and is spending the first semester as a fellow at the Johns Hopkins University Center for the Study of Democratic Government in Washington, D.C. On October 5 he served as moderator for a national satellite videoconference on "National Health Reform: What Will It Mean for Rural Communities?" (See his essay on p. 7.)

PABLO SPILLER is on leave for the 1993-94 academic year at the University of California at Berkeley.

MILDRED SCHWARTZ (affiliate, sociology, UIC) was a member of the 1993 program committee for the American Sociological Association annual meeting in August in Miami.

TOM ULEN helped organize an international symposium on "Environmental Policy With Economic and Political Integration: The European Community and the United States" held September 30-October 2, 1993, at the UIUC College of Law.

JIM WARD, associate dean in the UIUC College of Education, who has been an affiliate in the institute for several years, has accepted a zero-time appointment with IGPA. On September 9 he delivered testimony before the Illinois House of Representatives on the education amendment defeated in November 1992 and being considered for resubmission. In addition, Professor Ward worked with the Illinois Large Unit District Association (LUDA) to establish the Illinois Forum for Educational Policy Leadership.

WILL WHITE, BOB RICH, and DICK ARNOULD (affiliate, economics, UIUC) edited a book published by the Urban Institute Press: Competitive Approaches to Health Care Reform

(September 1993), focuses on the reform efforts of the 1980s and the lessons they offer for future reform strategies.

STAFF CHANGES

George Gross joined the IGPA-Urbana faculty in August; he has a joint appointment in electrical and computer engineering. Professor Gross had been with Pacific Gas and Electric in San Francisco since 1974. His research focuses on public utility regulatory issues.

As a result of the university's decision to dissolve Housing Research and Development, its former director Robert Katz and three of his associates have joined IGPA. Katz served as director of HR&D for over 20 years; he has degrees from Cornell and M.I.T. In addition to his appointment in the institute, he is a professor in the UIUC Dept. of Architecture. His area of specialization is housing policy with a particular concern for issues related to the elderly.

Jim Rose is in his 17th year as a housing researcher at UIUC. During that time he has been directly involved in nearly 60 research projects dealing with a variety of housing issues at the federal, state, and local levels. Currently he is working with the Illinois Housing Development Authority in preparing the state's Comprehensive Housing Affordability Strategy (CHAS).

Kate Brown, who received her B.A. in political science from the State University of New York in 1977 and a Masters in regional planning from the Maxwell School of Citizenship and Public Affairs at Syracuse University in 1981, has worked for the last ten years on planning and development projects in New York. Most recently she worked on the design and implementation of a managed care

demonstration program for eligible Medicaid recipients in a two-county area and was the chairperson of a local housing authority board of commissioners.

Karen Winter-Nelson has worked on local government planning issues in California and on international projects for the U.S. Agency for International Development and the government of Kenya. She has a Master of City Planning degree from the University of California at Berkeley. Her research interests are in state housing policies and their effects on local government planning and in the definition and documentation of affordable housing needs.

IGPA AFFILIATES

IGPA has added a number of affiliates to its staff in the past year; they include:

Gilbert Bassett,
economics (UIUC)
Nino Boccara,
physics (UIC)
John Braden,
agricultural economics (UIUC)
James Chan,
accounting (UIC)
Robert Chirinko,
economics (UIUC)
Shane Greenstein,
economics (UIUC)
Charles Kolstad,
environmental studies (UIUC)
Stuart Nagel,
political science (UIUC)
Nona Prestine,
education (UIUC)

Continuing members of the affiliate staff include:

Gary Albrecht,
public health (UIC)
Dan Alpert,
science and technology (UIUC)

Dick Arnould,
economics (UIUC)
Craig Bazzani,
vice pres. business & finance
Jan Brueckner,
economics (UIUC)
Bob Buchanan,
health and safety (UIUC)
Malcolm Bush,
Woodstock Institute (Chicago)
Dick Campbell,
sociology (UIC)
Joan Fitzgerald,
urban economic development (UIC)
Doris Graber,
political science (UIC)
Geoff Hewings,
geography (UIUC)
Gerrit Knaap,
urban & regional planning (UIUC)
Dick Kosobud,
economics (UIC)
Allan Lerner,
political science (UIC)
David Linowes,
political economy & public policy (UIUC)
John McDonald,
economics (UIC)
Roger Minear,
environmental studies (UIUC)
Charles Orlebeke,
urban planning & policy (UIC)
Tony Orum,
sociology (UIC)
Richard Peck,
economics (UIC)
Joe Persky,
economics (UIC)
Mildred Schwartz,
sociology (UIC)
Gerald Strom,
political science (UIC)

INSTITUTE ADVISORY COMMITTEE

For the 1993-94 academic year the institute's faculty advisory committee comprises the following elected members: Jonathan Crane, John Cihfield, Therese McGuire, Paul Quirk, and Tom Ulen. Acting Director Fred Giertz chairs the meetings of the committee, which are also attended by

associate directors Will White and Anna Merritt.

NAC MEETING

The institute's National Advisory Committee held its annual meeting in Chicago at the Hyatt Regency Hotel on October 7-8. It began with a dinner and presentation by Jonathan Crane on his research in the area of race and intelligence. In addition to a lengthy overview of faculty activities during the past year, the agenda of the day-long meeting included discussions about the institute's five-year plan and a revision of the brochure. Members of the committee are:

Wallace Oates, Chairman
University of Maryland
Effie O. Ellis, M.D.
Chicago
Kathy Kustra
Grant-Thornton, Chicago
Helen Ladd
Duke University
Abner Mikva
U. S. Circuit Court for the
District of Columbia Circuit
James D. Nowlan
Taxpayers' Federation of Illinois
David J. Paulus
First National Bank of Chicago
Judith K. Paulus
Citicorp National Marketing Division
Robert Perloff
University of Pittsburgh
Michael Preston
University of Southern California
Adlai E. Stevenson III
Mayer, Brown & Platt
Michael E. Tristano
Consultant, Chicago

DOUGLAS AWARD

The Paul H. Douglas Ethics in Government Award, which is being administered by the institute, now has an endowment of just over \$200,000. A national committee of experts is in

the process of selecting the first awardee. In addition, an IGPA faculty committee is planning an educational program for this year that will focus on campaign finance reform. A symposium focusing on the national aspects of this issue will be held in February on the UIC campus. The main speaker will be Gary Jacobsen from the University of California at San Diego. A forum presenting issues at the state level will be held at the Urbana office in March and will feature Michael J. Malbin, director of the Center for Legislative Studies, Rockefeller Institute, SUNY-Albany.

ILLINOIS FOCUS

As part of its public service responsibility, for the past two years IGPA has been giving high priority to generating a series of op-ed articles for the Chicago Tribune. The program is under the direction of Paul Quirk. Last year six pieces were published:

"How NAFTA will affect Illinois," by J. Fred Giertz (Oct. 8)

"The myth of divided government," by Paul J. Quirk (Dec. 10)

"Illinois: Still an economic power," by John B. Carihfield (Jan. 15)

"The road to real tax reform in Illinois," by Therese J. McGuire and James D. Nowlan (Mar. 5)

"Why ample school funding matters," by Jonathan Crane (Mar. 26)

"Moseley-Braun's political challenge," by Paul Quirk (July 19)

POLICY FORUM

IGPA started publishing Policy Forum in 1988. It is aimed at government, business and community leaders and is published in cooperation with the Cooperative Extension Service in the College of Agriculture, UIUC. Four issues appeared in the 1992-93 academic year:

"Population Changes in Illinois During the 1980s," by Everett G. Smith

"Jobs and Taxes: Do State Taxes Affect Economic Development?" by Therese J. McGuire

"School Finance Reform in Illinois: Is the Task Force Report the Route to a Solution?" by James G. Ward

"Voter Turnout: The November 1992 Election in Illinois," by Thomas B. Littlewood

WORKING PAPERS

The institute's working paper series is directed at an academic audience and has a much smaller circulation than Policy Forum. It is edited by Jim Kuklinski. Seven papers have appeared since our last newsletter.

Working Paper #24: "The Effect of Public Capital in State-Level Production Functions Reconsidered," by Teresa Garcia-Milà, Therese J. McGuire, and Robert H. Porter

Working Paper #25: "A Normal Vote Approach to the Study of Electoral Change: Presidential Elections, 1828-1984," by Peter F. Nardulli

Working Paper #26: "Growth and Convergence in U.S. Cities," by John B. Carihfield and Martin P. H. Panggabean

Working Paper #27: "Dispelling the Myth of Black Intellectual Inferiority," by Jonathan Crane

Working Paper #28: "Is Public Infrastructure Productive? A Metropolitan Perspective Using New Capital Stock Estimates," by John B. Carihfield and Martin Panggabean

Working Paper #29: "Program Evaluation and Environmental Policy: The State of the Art," by Robert F. Rich

Working Paper #30: "Specialization, Option Demand and the Pricing of Medical Services," by David Dranove and William D. White

"PRAIRIE" CONFERENCE

Continuing its public service and research mission, IGPA's Program for Research in American and International Regulatory Issues and Environment, PRAIRIE, together with the Center for Regulatory Studies of Illinois State University, held a nationwide conference on May 27 and 28, 1993, in Oak Brook Hills, Chicago, on "Wheeling & Dealing: Electricity Transmission in the 1990s."

The conference was attended by 149 participants from 24 states. Of these, 69 participants represented public utilities, 32 represented regulatory commissions and 47 represented users, universities, and industry consulting groups. In the course of six panel discussions, participants focused on: implications of the 1992 National Energy Act for transmission access, pricing and wheeling; key conceptual problems concerning the pricing and costing of transmission; implications of open access for transmission system operations; pros and cons of allowing non-utility generators to sell directly to final users (retail wheeling); the nature of contracts that have to develop to accommodate the structural changes associated with open access to transmission grids; and finally, the experience with those regions that have already adopted an open

access policy (regional transmission groups).

Conference underwriters were the Ameritech Program at the University of Illinois, the California Energy Institute, Central Illinois Light Company, Commonwealth Edison Company and Illinois State University. Conference organizers were Professors Pablo T. Spiller, (director of PRAIRIE), and Mathew J. Morey (president, CRS).

SPECIAL EVENTS

On March 8-9, 1993, IGPA held a seminar in Springfield for new members of the Illinois General Assembly. It focused on some of the major policy issues facing the state at this time. Starting after lunch on the first day with sessions on health care and education, it continued with dinner that evening and concluded with a two-hour session on the following day that dealt with economic issues at the federal, state and local levels. Speakers for the sessions were primarily IGPA faculty members, including Paul Brace, David Chicoine, John Crihfield, Bob Felner, Fred Giertz, Jim Keane, Therese McGuire, Bob Rich, Jim Ward, and Will White. The program was developed in cooperation with the Illinois Taxpayers' Federation and with financial support from Shell Oil and John O'Connell. Much of the organizational work for this program was done by IGPA Senior Fellow Jim Keane.

"The Clinton Health Reforms: Key Issues" was the focus of an IGPA forum held on May 11, 1993, at the Chicago Illini Union. The program started with a statement via telecast by Senator Paul Simon from Washington, D.C. Panelists participating in the two-hour discussion were Dick Arnould (IGPA affiliate), Cathy Emanuel

(Carle Center for Rural Health & Farm Safety, Urbana), Philip Forman (director, Health Resources Management School of Public Health, UIC), and Will White (IGPA and Economics, UIC).

In response to a request from the governor's office, IGPA (under the leadership of Bob Rich and Jim Keane) organized a one-day program on July 16 for a delegation of Brazilian legislators who were on a two-week tour of the United States to learn about democratic principles and American culture. The tour was sponsored by the Institute for Representative Government in Washington, D.C. In addition to a general overview of policy issues facing the states, six topics were covered during the day: race, urban poverty, and neighborhoods; social development; women and politics in the U.S.; economic issues and trends; criminal justice; and trends and challenges to American government.

In conjunction with the symposium on environmental policy in the European Community and the U.S. organized by Tom Ulen in late September, Professor Wallace Oates from the University of Maryland (and chairman of the IGPA National Advisory Committee) gave a presentation on the impact of environmental research on policy. The talk was part of the institute's series in celebration of the new building on the Urbana campus; the series focuses on the interrelationship of policy research and policy making. Using the Clean Air Act as illustrative of a shift that has taken place over the past twenty years, Oates described the act of 1970 as totally ignoring economics, whereas the act of 1990 shows a new faith in market forces. The next lecture in the series will be by Irwin Garfinkel on child welfare reform and is scheduled for December 6.

As in past years the institute will once again host a group of interns from Springfield at a one-day seminar on

important policy issues facing the state. This year 24 Marzullo Interns and Dunn Fellows will meet on December 9 in the conference room of the Urbana building. Professors Will White and Dick Arnould will discuss health policy issues with the group in the morning, and Professors Fred Giertz and John Crihfield will talk with them in the afternoon about state finances, economic development, and NAFTA.

EXECUTIVE TRAINING

As part of the institute's executive training program for government officials, Anna Merritt has organized a series of half- and full-day seminars for Cook County agency personnel to be held in November and early December. The seminars are scheduled to be held on the UIC campus, and no more than 25 participants will be enrolled in each session. IGPA arranged for the presenters on the four topics chosen by the Cook County Bureau of Human Resources: Communication Skills, Team Building, Diversity in the Workplace, and Conflict Management.

Careers in State Government by Samuel K. Gove

[Editor's note: This is an excerpt from an essay that appeared in the Aug./Sept. '93 issue of *Illinois Issues* magazine.]

From what college students say about jobs and careers, one might think they would prefer a job in organized crime over one with state government. Mobsters may be "rude" and "abusive," two words college students use to describe state workers, but nobody accuses mobsters of being "lazy" and "incompetent," two other

descriptors college students use when talking about state workers.

The college students quoted were speaking their minds in focus groups arranged by IBM for the Governor's Human Resources Advisory Council, and they weren't shy about expressing their opinions about government. The college students, predominantly graduating seniors, were from the University of Illinois in Urbana-Champaign and the University of Illinois-Chicago. One group consisted of Parkland Community College (Urbana) nursing students.

They said government isn't competitive with private industry in areas they consider important in planning their careers: being innovative, leading their industries, recognizing the contributions of their employees, and providing growth and advancement opportunities. They said the state does not maintain high standards in hiring, does not screen or train employees well, does not give employees enough direct responsibility or accountability and does not provide incentives to perform efficiently, much less to excel.

They said they didn't know if the state even offered positions that used their particular skills, which was especially troublesome to hear since the very careers these students are studying for—engineering, nursing, computer programming and accounting—are those for which the state tries to recruit.

These perceptions of state employment are no surprise to the Governor's Human Resources Advisory Council, a 23-member blue-ribbon body made up of individuals in business, labor, government and academia appointed in September 1991 by

Gov. Jim Edgar. Edgar asked them to recommend ways to improve the management of state government and the quality of its work force.

This stereotyping and reluctance to work in government is worrisome for our future. We talk in generalities about the need to have quality people in our public work force. Today's jobs are changing from work focused on musclepower to jobs that depend on brainpower. Whereas the machines of the industrial revolution extended the musclepower of that era, computers today are extending the brainpower. The success or failure of enterprises, both in the public and private sectors, now hinges on the brainpower each has on its team.

The quality of people working in government is as important as the quality of people working for the companies that make soap, shirts or corn chips. But what are the rewards that make the choice of government as attractive as working for private enterprise? It certainly isn't public esteem, nor is it money.

Government is no place for "milque-toasts." Politics, for all the bad press it gets, is essentially the art of resolving conflicts in the framework of government. Government can be the place for people who are intellectually challenged by solving complex problems in a multiplayer environment, all under the watchful eye of an ever vigilant (and cynical) media. It's a place where expertise and ability must be valued.

It must also find new ways to communicate with the public, the media and potential employees that service in government can be rewarding and that individuals who work in government can have meaningful careers in jobs that make a difference in people's lives.

Health Care Reform and Rural America

by Robert F. Rich

[Editor's note: The following statement was made at the opening of a national videoconference held October 5, 1993.]

On September 22nd of this year, President Clinton introduced the most far reaching social legislation that this country has seen since Franklin D. Roosevelt introduced the Social Security Act. Under President Clinton's proposal, health care will become a right for all Americans—indeed, each of us will be required to have health insurance. If we don't enroll ourselves, we will be enrolled by the Alliance of our geographic area into the lowest cost plan. The proposed plan goes far beyond addressing the needs of the 37 million Americans who are uninsured and the 30 million Americans who have sub-standard coverage. This proposal envisions an entire overhaul of the American health care system—an overhaul which will affect each and every one of us. The plan envisions a standard benefit package which would be provided to all Americans with some exceptions: Medicare recipients, veterans, military personnel employed by the Department of Defense, and those served by the Indian Health Service. The proposed system emphasizes the idea of managed care; indeed, there are real disincentives involved with using the traditional fee-for-service arrangement.

Health care reform is being discussed in a unique and unprecedented political environment. The Republicans in the United States Congress are also in favor of universal coverage for all Americans and they, too, see the need to cap increases in insurance premiums and other health care costs. Republicans and Democrats alike want to provide security to all Americans; it will no

longer be possible to be denied insurance because of "pre-existing conditions"; and one will not be in any danger if one switches jobs; insurance policies must be renewed. As recently as one year ago, it would have been almost unthinkable to assert that there would be such a broad common ground or consensus on the need for health care reform.

The President's plan gives enormous discretion and power to the states. This is probably in recognition of the fact that many states are out in front of the health care reform movement. Eight states have passed significant comprehensive health care reform legislation, including Minnesota, Massachusetts, Florida, Oregon, and Washington. Another four states are undertaking demonstrations to build capacity for more comprehensive reform. The Health Insurance Association of America has reported that 26 states have forced insurers to issue policies to anyone who applies, regardless of their health; 34 states have forced insurers to guarantee

the renewal of policies, and 40 states have placed tighter restrictions on insurance rates. There is no doubt that the role of the states will become one of the critical issues as health care reform evolves in the United States.

Today, we will focus on the impact of health care reform on rural communities. Rural areas have more than their share of uninsured and underinsured individuals; moreover, in these areas, it is more difficult for individuals to receive services from physicians, and then are less likely to be involved in a traditional fee-for-service arrangement. Many elderly rural residents who have retired from rural-based industries are significantly underinsured. There is also a higher reliance on Medicaid in rural areas than in urban areas. It appears that the lack of health insurance coverage among rural Americans is related to depressed wages, high levels of unemployment, and the absence of industries that provide health benefits to their employees.

Both the Clinton Plan and the Republican alternatives recognize the

special status of rural areas—at least to some extent. They address issues of investing in the training of health care professionals so that they will be attracted to rural areas and so that rural areas can retain these professionals. They focus on investment of capital so that services will be available, on investment in air transport so that rural residents can have access to care and emergency room services.

As you listen to this national program keep in mind that 27% of the nation's population lives in rural areas. In 19 states across the country, over 40% of the population lives in a non-metropolitan area. To what extent is the Clinton Plan and the Republican alternative responsive to these needs? In particular, will the so-called Health Care Alliances work well in rural areas? What kind and range of choices will be available? Will rural residents be better off with the health care reform as it is envisioned? What about the role of health care professionals? Is this plan affordable? Will it be effective?

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IGPA Newsletter

**Institute of Government & Public Affairs
University of Illinois
1007 West Nevada Street
Urbana, IL 61801**

Editor: Anna J. Merritt

DIRECTOR'S STATEMENT

by J. Fred Giertz

[Editor's note: Prof. Giertz is serving as acting director this year while Bob Rich is on sabbatical.]

The Institute of Government and Public Affairs is involved in an exciting project designed to explore the possibility of greater cooperation among various local governments (as well as the University of Illinois) in Champaign County. The project, called Project 2000, was initiated by IGPA at the request of Michael Aiken, chancellor of the University of Illinois at Urbana-Champaign, and the Greater Urbana-Champaign Economic Development Corporation. It involves a series of eight seminars that are being held throughout the spring 1994 semester. Participants include approximately thirty community and university leaders.

The topics of the seminars deal with various aspects of intergovernmental cooperation with special emphasis on questions relating to governments in Champaign County. The purpose is to bring together a group of interested citizens and experts in the fields of planning and public finance to discuss, in an informal setting, the possible benefits, as well as the problems, that might result from increased intergovernmental cooperation in this community. It should be emphasized that the focus is on cooperation, not necessarily consolidation.

Illinois, with over 6,000 different local government units, ranks first in the nation in number of governments. In

Champaign County alone, there are well over 100 governmental units including the county, a community college, a forest preserve, 23 school districts, 24 fire protection districts, 22 municipalities, 29 townships, and a variety of special districts. There is considerable concern about whether government services are being efficiently provided in the county in such a setting.

Project 2000 involves presentations by experts on key issues. Experts have been drawn from the University of Illinois and other universities and from professional organizations. Government officials from other areas with relevant experiences are also making presentations. Each presentation includes comments and discussion by local participants.

The series began with a session led by Samuel Gove, director emeritus of IGPA, dealing with the history of intergovernmental cooperation both nationally and locally. This session emphasized the political aspects of cooperation. Thomas Ulen of IGPA presented his experiences as a member of the board of the Urbana-Champaign Sanitary District, which had to deal with issues affecting several different local jurisdictions.

The next session dealt with conceptual issues. It focused on the general questions of rivalry, cooperation and consolidation; local fiscal data were also presented. Advantages and disadvantages of

centralization, as well as economic development issues were discussed.

In the third session, former Indianapolis Mayor William Hudnut presented his analysis of Indianapolis' experience with Unigov, a partial consolidation of governmental activities in Indianapolis and Marion County that took place in 1970. He discussed the antecedents of the consolidation as well as its consequences. The mayors of both Urbana and Champaign commented on Mayor Hudnut's address. It was interesting to learn that governments in Champaign County are achieving many of the same results through cooperative arrangements that Indianapolis achieved through consolidation.

Succeeding meetings of Project 2000 deal with issues involving particular local government functions such as the provision of police and fire services; water, waste, and sewage services; education; and highways and transportation. The series will conclude with a session devoted to the options available to the community. Participants will evaluate the possibilities for achieving greater efficiency through increased cooperation.

IGPA has served an important role in facilitating the discussion and analysis of intergovernmental cooperation in the area. It is our hope that local leaders will build on this foundation to search for additional opportunities to coordinate governmental activities.

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FACULTY AND STAFF ACTIVITIES

RICHARD J. ARNOULD (affiliate, economics, UIUC) presented a joint paper (with L. DeBrock) "The application of Economic Theory to the Vaccine Market" in November at a conference on The Economic Underpinning of Vaccine Supply in Washington, D.C. His article on "Competitive Approaches to Health Care Reform" appeared in the Winter 1993 issue of the Illinois Business Review. Professor Arnould also presented lectures on health policy reform at Illinois State University, Western Illinois University, and at the Champaign County Chamber of Commerce Leadership Conference.

GILBERT BASSETT (affiliate, economics, UIC) presented "A Decision Analysis of Alternative Strategies of Managing High Level Nuclear Waste" at the annual meeting of the Society for Risk Analysis in December in Savannah, Georgia.

L. VAUGHN BLANKENSHIP gave a paper on "Priority Setting and Resource Allocation in U.S. Science Policy" at Purdue University in November at the annual meeting of the Society for the Social Study of Science. He also served on a team of consultants evaluating the state's academic programs in public administration for the Florida Board of Regents.

STEPHEN BRAND (research associate) is developing evaluation instruments for a statewide initiative to restructure school organization and educational practices in the middle grades -- and analyzing data from the first three years of this project.

JAMES L. CHAN (affiliate, accounting, UIC) has been named the Emmett Dedmon Visiting Professor in Public Policy at the Harris School, University of Chicago for the 1993-94 academic year, and is teaching a course in governmental accounting.

A report on farmland taxes by DAVID CHICOINE was the subject of an article by Richard Orr in the Chicago Tribune on October 11. Chicoine had predicted that taxes on Illinois farmland will continue to rise for the rest of this decade.

ROBERT S. CHIRINKO (affiliate, economics, UIUC) published a survey on "Business Fixed Investment Spending: Modeling Strategies, Empirical Results, and Policy Implications" in the Journal of Economic Literature (December 1993); a longer version of this paper appeared as a monograph in the Salomon Brothers Center Series, Financial Markets, Institutions & Instruments, published by Basil Blackwell. Professor Chirinko was quoted in the Washington Post and the National Journal on aspects of his research that pertain to the Clinton administration's deficit reduction plan. A summary of his study on automobile safety regulations appears elsewhere in this newsletter.

JOHN CRIHFELD has been giving a monthly report called The Flash Index of Illinois Economic Growth for the past several months; the reports, which have been carried by numerous radio stations and print media, incorporate recent data on corporate profits, consumer spending, and personal income to construct a forward looking indicator of future economic activity. Professor Crihfield also presented a paper on "Growth and Convergence in U.S. Cities" at the annual meeting of the Southern Economic Association in New Orleans in November, chaired a session at the Illinois Economic Association meeting in October, and addressed the association as its outgoing president. His article on "The Recovery in Illinois Continues" appeared in the Winter 1993 issue of Illinois Business Review.

RICHARD F. DYE was a participant in a Chicago Assembly on "Paying for State Government" in January in St. Charles.

ROBERT D. FELNER has received a second grant (for approximately \$140,000 annually, through 1997) from the Carnegie Corporation, "Evaluation of the National Middle Grades Schools Policy Initiative: The process and impact of middle grades transformation and reform." This funding is to expand to multiple states. Professor Felner's research on school restructuring that is being carried out in collaboration with the Association of Illinois High Schools in approximately 60 schools in the State of Illinois. Currently 15 states (including Illinois) are funded by the Carnegie Corporation for the Middle Grades Schools State Policy Initiative. Professor Felner has also been awarded a three-year grant for a total of \$287,246 by the Lilly Endowment to study "The Transformation of Middle Grades Education," as well as a grant (jointly with the Illinois Department of Alcoholism and Substance Abuse) for a series of statewide and regional conferences to develop strategies for the Promotion of Healthy Communities and the Prevention of Substance Abuse in Public Housing Communities.

A paper by J. FRED GIERTZ on "The Illinois Fiscal Outlook" appeared in the Winter 1993 issue of Illinois Business Review. On October 20 he and David L. Chicoine presented an overview of state finances and the local property tax to the Comptroller's Local Government Advisory Board at Carbondale. IGPA hosted a meeting of this group at our building in Urbana on November 19. Professor Giertz made a presentation at an Illinois Senate Revenue Committee hearing in Springfield on October 25, and IGPA hosted the committee for a hearing on the Chicago campus on November 18. He and Therese McGuire also prepared a background paper for a Chicago Assembly on "Paying for State Government" on January 6-7 in St. Charles.

SAMUEL K. GOVE has been appointed by Governor Jim Edgar to the five-member Commission on

Regulatory Review to bolster the state's economic development efforts by helping business cut through government red tape and eliminating unreasonable state regulatory barriers to industry expansion. In October the second group of former legislative interns was inducted into the Samuel K. Gove Legislative Internship Hall of Fame in a ceremony at the Governor's Mansion in Springfield.

DORIS GRABER (affiliate, political science, UIC) is in her second year as editor of Political Communication, a professional journal cosponsored by the political communication section of the American Political Science Assn. and the International Communication Assn. Professor Graber is also serving as co-program chair for the July 1994 conference of the International Society for Political Psychology to be held in Spain. The third, heavily revised, edition of her Media Power in Politics was published in October.

GEOFFREY J. D. HEWINGS (affiliate, geography, UIUC) gave a presentation on November 9 to the Calumet Area Industrial Commission about the economic forecasting models that he and his colleagues in the Regional Economics Applications Laboratory (REAL) have developed. The central message of his talk was that while there is a great deal of interest at the moment in NAFTA, area businesses should be much more excited about the opportunities for trade that exist among midwestern states. Professor Hewings' talk was the subject of front page articles in a number of area newspapers.

Findings from a study on jobs and housing by ROBERT D. KATZ and CEDRIC HERRING and sponsored by the Greater Chicagoland Housing Foundation, were presented at a press conference on December 17. The 68-page report looks at the relationship between attainable housing and employment opportunities in the Chicago metropolitan region. Both the Chicago Tribune and the Daily Herald

carried stories about the report in their December 18 editions.

THERESE McGUIRE presented a paper at the Regional Growth and Community Development Conference organized by the U.S. Department of Housing and Urban Development in Washington, D.C. on November 18. On November 5 at the Palmer House in Chicago, she was one among three panelists in a session on tax reform as part of the Issues 94 Conference organized by the Chicago Women in Government Relations and Illinois Women in Government. Professor McGuire attended the Conference on Capital Formation and Employment organized by the OECD (Organization for Economic Cooperation and Development) and the Netherlands Government on January 26-28 in Amsterdam, where she was a discussant in a session on public infrastructure. In addition, an article by Therese McGuire appeared in the October issue of Illinois Issues. Entitled "Reconsidering Illinois' flat-rate income tax," the article argues that in its present form, the Illinois income tax is one of the least progressive when compared to other states with income taxes.

STUART S. NAGEL (affiliate, political science, UIUC) has recently published two books with Nova Science Publishers: Policy Analysis Methods and Super-Optimum Solutions and The Policy Process and Super-Optimum Solutions. Super-optimum solutions offer conservatives, liberals, and other major viewpoints a chance to come out ahead of their best initial expectations simultaneously.

TONY ORUM (affiliate, sociology, UIC) has almost completed his manuscript "City-Building in America," which focuses on Milwaukee along with comparative studies of Cleveland, Austin, and Minneapolis/St. Paul.

JIM ROSE and KAREN WINTER-NELSON have completed a research project for the Illinois Housing Development Authority (IHDA). They

provided extensive assistance to the staff of IHDA's Office of Housing Coordination Services during the preparation of this year's State Comprehensive Housing Affordability Strategy (CHAS). Their work included Census data gathering and analysis, preparation of document narrative, completion of a regional data supplement and editing.

MILDRED A. SCHWARTZ (affiliate, sociology, UIC) is principal investigator for a project on the Ontario (Canada) NDP, funded by the Canadian Embassy in Washington. She has also published two papers: "The Role of Ideology in Political Protest Movements: Reinterpreting Western Canadian Experiences," in Australian-Canadian Studies and "Electoral Success Versus Party Maintenance: National, State, and Local Party Contributions to Illinois Legislative Races," in Publius.

TOM ULEN traveled to Argentina in October to give lectures on law and economics to the faculty and students at the University of Buenos Aires and Universidad Torcuato Di Tella. Professor Ulen has also been appointed to the board of editors of the International Review of Law and Economics and the Supreme Court Economic Review.

JAMES G. WARD published "Financing Elementary and Secondary Education in Illinois" in the winter 1993 issue of Illinois Business Review.

WILL WHITE gave three talks in recent months: "Recent Evidence on Competition in Hospital Markets," presented at a conference on the Industrial Organization of Health Care sponsored by Boston University and U.S. Veterans Administration, Andover, MA, September 20, 1993; "Specialization, Option Demand and the Pricing of Medical Services" presented at the Department of Economics, Northwestern University, Evanston, Oct. 15, 1993; and "Specialization, Option Demand and

the Pricing of Medical Services," presented at the School of Public Health, Johns Hopkins University, Baltimore, MD, Nov. 3, 1993.

ANN BARRY FLOOD, former IGPA faculty member who is now at the Dartmouth Medical School in Hanover, New Hampshire, published an article in *Medical Care* entitled "The Role of Expectations in Patients' Reports of Post-Operative Outcomes and Improvement Following Therapy." Research for this study was conducted with IGPA support.

ETHICS IN GOVERNMENT AWARD

The first Paul H. Douglas Ethics in Government Award was presented to the Honorable Mike Mansfield in a ceremony held in Washington, D.C. in the Mansfield Room of the Capitol on March 23, 1994. The award is part of a program administered by the institute and is funded in part by a \$200,000 endowment raised by friends of the former Illinois senator. Senator Mansfield was selected from among a large number of nominees; the selection committee comprised Sen. Charles Mathias, Esther Peterson, Robert Rich, Howard Shuman, Lorna Strauss, and Roger Wilkins.

In addition to the award, the program has an education component, which focused this year on the issue of campaign finance reform. On January 24 IGPA sponsored a discussion on the Chicago campus with Professor Gary Jacobson from the University of California at San Diego and discussants John Kornacki (Dirksen Center, Bradley University) and Larry Hansen (public policy analyst in Washington, D.C.) on national aspects of this issue. A companion discussion focusing on issues in state campaign finance reform took place on the Urbana campus on March 3; the lead speaker was Professor Michael Malbin

from the Center for Legislative Studies at the Rockefeller Institute in Albany, N.Y., and discussants were Ron Michaelson (executive director of the Illinois State Board of Elections) and Kent Redfield (Legislative Studies Center, Sangamon State University).

CONFERENCE ON HEALTH CARE REFORM

The need for health care reform in the United States is widely recognized, and such reform is in fact being actively pursued at the national level. A growing number of states are also undertaking reform. Many of these states feel they cannot wait for national reform and de facto, the states are rapidly emerging as the primary laboratories for health care reform and innovation.

Future health care policy may well be built largely on lessons learned from state experiences. However, as the health care debate moves ahead, there is a clear need to step back and examine a key issue: What is an appropriate role for the states in bringing about health care reform?

An important role for the states is new in health care reform. But sorting out state/federal roles has been an ongoing issue in many other areas of social policy. Examples include education, welfare, and economic development. On April 28-29, 1994, IGPA will host a national research conference, "Health Care Reform and the Role of the States," which will bring together experts on the states with students of health policy to examine the pros and cons of state involvement in health care reform from the perspective of experiences in other areas of social policy. It will be held in Chicago at the UIC campus.

CONFERENCE ON THE CLEAN WATER ACT

The Clean Water Act has achieved considerable success in reducing

many pollutants through source-by-source discharge limitations and advanced treatment of municipal wastes. As the Act's expiration approaches, however, there is recognition that further progress will call for different strategies than those used in the past.

The cost of more stringent municipal waste treatment are believed by many analysts to outweigh the benefits. Furthermore, as industrial and municipal sources have been brought under control, unregulated diffuse pollution such as urban storm water and farm runoff constitutes a larger and larger share of remaining water quality problems. Finally, deficit reduction may shift the administrative costs of environmental regulations from taxpayers to polluters.

A one-day seminar that explores ways of restructuring the Clean Water Act to enhance its efficiency and effectiveness will be held at the Inn at University Village on April 13; it is sponsored by IGPA, the Workshop on Market-based Approaches to Environmental Policy at UIC, and the Program in Environmental and Resource Economics at UIUC. Conference organizers were institute affiliates Richard F. Kosobud and John B. Braden, with assistance from IGPA Associate Director Anna Merritt. Speakers will include representatives from the regulated community, regulators, environmental interest groups, and academic researchers. Nationally recognized spokespersons from the water quality field will also appear as moderators and discussants.

POLICY FORUM

Policy Forum is designed for a general audience as well as the academic reader and is published in cooperation with the Cooperative Extension Service in the College of Agriculture, UIUC. Each issue is devoted to a single topic and is presented in a four-page newsletter format. For a list of

all titles or for copies of back issues, please contact the IGPA-Urbana office. Two issues have appeared so far in Volume 7 (for the 1993-94 academic year).

"A Way to Investment and Employment Growth," by John B. Cihfield and Martin P.H. Panggabean

"National Health Care Reform and Its Impact on Illinois," by Robert F. Rich

SPECIAL EVENTS

On December 6, 1993 IGPA sponsored a discussion on "A New Child Support System" with Irwin Garfinkel, a visiting professor at the Woodrow Wilson School at Princeton University. From 1975 to 1984 he was at the University of Wisconsin where his research helped shape that state's pioneering child support reforms, which in turn helped shape the Child Support Act of 1984 and the Family Support Act of 1988. Participating in the discussion were several UIUC and UIC faculty members as well as State Representatives Laurel Prussing and Jan Shakowsky, former Representative Helen Satterthwaite, and Tom Sweeney from the Illinois Dept. of Public Aid. Prof. Garfinkel's visit was part of a year-long series exploring the relationship between policy research and policy making. Other speakers in the series have been Judge Abner Mikva and Prof. Wallace Oates. Donald E. Stokes, former dean of the Woodrow Wilson School at Princeton, will speak about science policy on May 5, and Henry Aaron will talk about health policy sometime in September 1994.

On December 9 twenty-four Dunn Fellows and Marzullo Interns from the Governor's internship program spent the day at IGPA attending a workshop designed to acquaint them with aspects of two important policy issues facing Illinois today: health care and

economic development/ state finances. Presenters in the workshop were Richard J. Arnould, William D. White, John B. Cihfield, and J. Fred Giertz.

EXECUTIVE TRAINING

As part of its government training program, IGPA sponsored a series of seven executive training seminars in November and December for management level employees in Cook County agencies/departments. Four topics were covered: communication, conflict resolution, team building, and cultural diversity. Over 100 managers participated in the seminars, with several attending more than one. Trainers came from UIUC, UIC, and the private sector (both in state and from out of state). Anna Merritt coordinated the series in conjunction with staff from the Cook County Bureau of Human Resources.

On March 3-4 IGPA led a team-building and strategic planning retreat for the Budget Office of Cook County. IGPA's Linda Schaumann facilitated the retreat, with additional training provided by Dr. Robert Husband, an adjunct professor of communications at the University of Illinois at Urbana-Champaign. At the retreat, an intact work group of Budget Office employees participated in a series of exercises designed to break down barriers to communication and build teamwork and trust. On the second day of the retreat, they identified departmental mission and objectives, and set a series of goals that would support those ends. Follow-up training in budgeting and team-building is planned.

During the spring of 1994, IGPA will deliver a series of five training seminars to middle-level managers at the Forest Preserve District of Cook County. IGPA has had extensive involvement in the Forest Preserve's strategic planning initiative and senior managerial training over the past three years, and we are pleased at the

opportunity to work with a new level of the Forest Preserve's managerial employees. By May, mid-level managers will have received training in supervisory skills, team-building, resource management, effective communication and stress/time management. We will continue to work with the Forest Preserve's senior management team throughout 1994, and hope to further broaden the scope of our involvement with this vital, effectiveness-oriented organization.

FLASH INDEX by John Cihfield

The U of I Flash Index of economic growth is a monthly barometer of the health of the Illinois economy. The index is calculated on the last business day of the month using the month's total flows for three economic variables: personal income (as measured by personal income tax receipts), consumer spending (as measured by retail sales tax receipts), and corporate profits (as measured by corporate income tax receipts). Monthly values are deflated using the monthly Consumer Price Index. For consistency through time, data are also adjusted for changes in tax rates and the tax base.

Each month we calculate a 12-month moving average of percentage growth in each variable. Each growth rate is weighted by one-third (.33), then the three components are added together, and then added to 100. Thus, an index value of 100 means no growth over the period, positive values indicate positive growth, and so on.

Index values based on the 12-month moving averages are published monthly in a news release (released on approximately the first day of the next month by the University of Illinois News Bureau). The index is the subject of numerous media reports (radio, newspapers). For example, it is published in the Sunday business section of the Chicago Sun-Times and in the Illinois Economic Bulletin, which

is the monthly publication of the Illinois Department of Commerce and Community Affairs. We also construct (but do not publish) index values based on 3-month and 1-month moving averages.

The purpose of the flash index is to provide a timely, single measure of the current strength and direction of the Illinois economy. There are few available alternative measures based on highly current data. The only published alternative is the state's unemployment rate. However, unemployment and other labor market developments tend to lag behind the rest of the economy. Preliminary analysis of the index (based on 15 years of data) indicates that the index leads labor market developments by about 18 to 24 months.

U.S. SCIENCE POLICY

by L. Vaughn Blankenship

[Editor's note: The following excerpt is from a paper entitled "Priority Setting and Resource Allocation in U.S. Science Policy: The Case of the National Science Foundation."]

This is a study in the politics and economics of science. It will look at priority setting and resource allocation in U.S. science policy through a detailed case study of the National Science Foundation (NSF). The primary focus is on the 20+ years between the late 1960s and the last years of the Presidency of Lyndon Johnson and the late 1980s/early 1990s with the ending of the Reagan presidency and the beginnings of the presidency of George Bush. Of course, much that occurred during this period was rooted in events, policies and institutional structures that came out of WW II and our reactions to the Cold War and the launching of Sputnik. Likewise, the issues of the 90s faced by a new Democratic administration are, in many cases, an extension of those faced by its immediate Republican predecessors. As in most public policy areas, there

is continuity in science policy and the decision structures which underlie it.

The perspective which has guided this study from its beginning is that priority setting and resource allocation in federal research and development (R&D) policy is a complex, continuous process. It occurs at a variety of levels with a variety of feedback loops. At perhaps the most micro level, it takes place when an individual investigator makes a series of choices regarding the project he wishes to work on and the allocation of his personal time and attention and any other resources at his disposal, among various tasks related to the project. It occurs where choices are made to allocate funds, time on instruments, or people among discrete, individual projects or where decisions are made to invest in major research instrumentation or facilities or to establish, expand, reorganize, or abolish research or engineering R&D programs, i.e., 'bundles' of more discrete projects or research tasks associated with each other in terms of some broader common purpose and title. At an even more macro level it occurs when broad decisions are made regarding **how much** to invest in **what kinds and mixes** of R&D programs in **what institutional sectors** for what purposes. Taken together, these choices constitute the operational reality of "national science policy" in the United States.

From one perspective, the NSF is certainly not representative of the federal R&D system. Judged by its total expenditures for R&D, for example, it is not the biggest fish in the pond by far. That would be the Department of Defense at about 55 percent of federal R&D obligations during the decade of the 80s, with the National Aeronautics and Space Administration (NASA), the Department of Energy (DOE) and the Department of Health and Human Services (HHS) each coming in around 10-12 percent. The NSF share was only about 3 percent during this same period. Furthermore, the

Foundation does not manage any government research labs the way these, and other, government agencies do; its internal "culture" and organizational structure resembles that of a university; and over 90 percent of its expenditures are for basic research, primarily in academic institutions. As might be expected under these circumstances, direct NSF funding relationships with the industrial sector, which in 1989 provided an estimated 49 percent of the total national investment in R&D, are very limited. By way of contrast, most of the obligations for defense, space and energy are for development rather than research with industry being the primary recipient and performer of this work. Only the National Institutes of Health within the HHS approaches the Foundation in terms of the proportion of its budget going for basic research to academic investigators.

From another perspective, however, since its inception in 1950 and especially since the 1960s, the NSF's roles in basic research, science education, and the collection and production of information about scientific resources and the way these roles intersect with those of other performers in the national R&D 'system' have placed it at the center of a number of critical science policy issues. While these issues have been phrased in different ways, with different emphases, at different times, depending on the policy context and concerns of the moment, they are of the following generic character:

- What is the relationship between the information produced by basic research in science and engineering and the development and use or marketing of new knowledge, technologies and products? What is the federal responsibility for facilitating this relationship and how is it best done?
- Is there a federal responsibility for the overall capability and

effectiveness of and balances among scientific and engineering fields, 'big' and 'little' science, and research performing sectors? What funding levels and other policies are required to best fulfill this responsibility?

- What is the extent of federal responsibility for the general level of scientific and technical skills and understanding in the nation as well as the availability of specialized scientific and engineering manpower? How is this responsibility best met?

These issues are clearly highly interconnected. Other parts of the 'system' have had to address them more-or-less comprehensively but the Foundation is one unique point where they come together. In this policy-relevant sense, then, it is representative of the broader issues with which the 'system' as a whole has had to deal in recent decades. While one must give appropriate recognition to its distinctive features as an organization, the NSF, as a microcosm of this larger policy universe, makes a strong subject for an intensive but generalizable case study of priority setting and resource allocation in U.S. science policy.

AUTO SAFETY STUDY

[Editor's note: The following summarizes an article by IGPA affiliate Robert Chirinko entitled "Buckle-Up or Slow Down?: New Estimates of Offsetting Behavior and the Effects of Automobile Safety Regulation," which appeared in the Journal of Policy Analysis & Management. Following the appearance of the article, Professor Chirinko was interviewed on the subject of automobile safety regulation by the Wall Street Journal.]

The effectiveness of automobile safety regulations in reducing fatalities is examined in this article. The point of departure for this study is to ask what

can be ascertained about highway safety policy if the econometric evidence indicates that the change in fatalities to a particular policy is zero. An empirical analysis is made difficult by the changing behavior of drivers unlikely to remain passive in the face of changes in their safety environment. The offsetting behavior hypothesis is cast in a broad framework that brings together elements from the economics and cognition literatures. This approach allows us to highlight key maintained assumptions in previous analyses and to consider how econometric evidence can inform discussions about highway safety policy. The estimates indicate that current highway safety initiatives—mandating restraint systems and relaxing restrictions on the maximum speed limit—are likely to have only a modest net effect on reducing motor vehicle fatalities.

CATEGORICAL POLICIES: CAN THEY BE TOO SUCCESSFUL?

By James H. Kuklinski

Governments enact policies to eliminate problems, and often these problems take the form of inequities among social groups. Consequently many of the policies that Congress and the president debate and then pass into law are categorical; they explicitly target one or another identifiable group. During the past several decades, for example, Washington has spent considerable effort trying to improve the plight of women, African-Americans, Hispanics, and other social groups who have suffered from past discrimination.

That these categorical policies have brought about progress is indisputable. African-Americans now have legal access to all public accommodations; they can vote for candidates of their choice, indeed, run for office should they choose; they have more opportunity than ever before to attend the colleges and universities of their choice. In a similar vein, recent legislation has

improved the conditions of working women. Few would suggest that the categorical policies of the past 20 years have ameliorated all the nation's ills; but neither would many describe these government initiatives as totally ineffectual.

Categorical policies are important in their own right. They define what is and is not legal. And they typically redistribute resources from the haves to the have nots. These policies have served another and equally important function. In bringing social inequities to the fore, they and the legislators who passed them have commonly swayed public opinion in the direction of support for equality and justice. Witness the impact of the 1964 and 1965 Voting Rights Acts and all the legislation that followed. Within a decade, these policies brought about a dramatic increase in support for racial equality among the majority of whites who therefore had opposed it.

However, categorical policies can become victims of their own success, or so I argue. On the one hand, as remedial legislation improves the status and conditions of the aggrieved group, their claim for yet additional special treatment falls on increasingly unsympathetic ears. Not that the continued special treatment is undeserved; it well may be. But those who are not favored by the categorical policy—the "they" in the "we-they" distinction that categories by definition create—become increasingly exercised by what they now see as unfair governmental programs.

On the other hand, and simultaneously with the trend just noted, categorical policies become increasingly expansive. Indeed, they must, unless the original efforts totally fail. Success today can only bring—and should bring—new horizons tomorrow. And with new horizons come attempts to push even further for programs that the "we" group deems necessary to its cause.

Juxtaposing the two dynamics—an

increasing sense by the "they's" that the targeted group needs no additional special government treatment and the push for yet more progressive legislation by the "we's"—leads to a provocative conclusion: categorical policies can reach a critical threshold whereby, at least with respect to public opinion, additional expansion of government activity works against the very cause it was designed to further. That is, programs begin to erode rather than enhance support because those who are not part of the targeted group—the majority in most instances—begin to see the programs as unfair.

If the threshold has been met, or is close to being met, then, as an empirical matter, public opinion among the nontargeted group should look as follows. First its members should express considerable anger toward the policy, not just opposition but intense resentment. People may not understand the rationale of a particular policy, but if they reject it on

moral grounds they presumably feel strongly about it. Second, this anger should be distributed evenly among all elements of the nontargeted population—liberals and conservatives, men and women, Democrats and Republicans, the well and poorly educated, and the like. That is, the anger and resentment should not be concentrated among some segments of the nontarget group that are known to dislike the target group. Finally, the anger toward the policy must not be rooted largely in angered prejudice toward the group itself. If most people's anger toward the policy arises from their strong, negative feelings toward the targeted group, there would be no good reason to think in terms of thresholds of categorical policies. All policies, irrespective of their expansiveness, would generate similar levels of resentment.

My work has been exploring whether affirmative action programs targeted at

African-Americans are an example of a threshold categorical policy. That is, do white Americans' reactions to affirmative action approximate the three conditions just set forth: Do many express anger toward affirmative action; is this anger distributed evenly across relevant political and social groups; and can prejudice alone not explain the extent of the anger toward the policy? Thus far my research suggests that public opinion toward affirmative action programs comes close to meeting all three conditions.

Given the current state of public opinion toward affirmative action, what should policymakers conclude? For opponents, the answer is simple: eliminate the programs altogether. In my view, a much more desirable option is to carry on affirmative action policies without the categorical rhetoric that has accompanied them in the past.

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DIRECTOR'S STATEMENT

by Robert F. Rich

During my sabbatical year in Washington D.C, I spent most of my time studying health care reform. My research focused on the role of the American states in designing and implementing reform-oriented policies. How can one "divide up the job" between the federal and state levels of government? What criteria should be used? Should this be done on a policy-by-policy basis or according to some overall design of intergovernmental relations? Should the state's role be limited to the technical functions of administration, oversight, ensuring for compliance, and evaluation?

These important questions about "dividing-up the job" are not limited to health policy and health care reform. They are equally important in other policy areas such as the environment, transportation, welfare, education, and mental health. In focusing on dividing up the job, I wish to highlight two dimensions. First, what functions are assigned to which level of government in the process of designing, implementing, and enforcing policy? Second, when there is a controversy between levels of government, how is the matter "resolved"? In other words, does one level of government consistently take the lead? Is there

some planned cooperation between levels of government or is there competition between levels of government? Are such controversies resolved case-by-case or according to some regular pattern?

These questions can usefully be put in the context of American federalism or intergovernmental relations. There are two dominant themes in the literature in this area that are relevant to the task of "dividing up the job." The first theme describes the relationship between the federal and state levels of government in terms of a senior/junior partner model, in which the federal government clearly dominates and the fiscal dimensions of the relationship (e.g. state grants-in-aid) are crucial. The other theme focuses on the traditional assumption that the states do not have the "capacity" to address complex problems such as health, the environment, and welfare.

Since 1980 some major changes have occurred which have affected how and why functions are divided up. First, during the Reagan/Bush years, states were encouraged to take on more responsibility—substantively and fiscally. Second, the federal government no longer had the fiscal means to encourage states to behave in ways the "feds" found valuable; indeed, there is some evidence to suggest that new grants-in-aid were

accompanied by virtually no new funding. The federal government had introduced an era of "regulatory federalism" and "unfunded mandates." The states resisted these changes and developed programs of their own that were independent of federal initiatives (e.g. in the area of welfare reform and, to some degree, health care reform).

The Clean Air Act Amendments of 1992 may provide a model of how the states and the national government will interact in the future. As a result of these amendments, the federal government developed minimum standards for air pollution which all states must adhere to. In addition, states were encouraged to develop higher and tighter standards on their own, although no state is permitted to develop lower standards.

This new era in federal/state relations provides a fertile area for policy research and outreach activities. Those of us concerned with the development and implementation of domestic policy will be conducting research in an environment that is significantly different from the traditional senior/junior partner model. A new model will emerge from current experiences with health, welfare, and environmental policy.

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FACULTY AND STAFF ACTIVITIES

GARY ALBRECHT (affiliate, School of Public Health, UIUC) received the Award for the Promotion of Human Welfare from Emory University and the Southern Sociological Society in 1993 and the 1994 Freidson Award for the Outstanding Book in Medical Sociology at the American Sociological Association meetings in Los Angeles in August 1994 for his book, The Disability Business: Rehabilitation in America. In making the latter award, Robert Broadhead of the University of Connecticut said: "The Disability Business is a magnum opus, a culmination and synthesis of work by a very seasoned, productive, creative researcher."

GIB BASSETT (affiliate, economics, UIUC) published a paper (with Hank Jenkins-Smith), "Perceived Risk and Uncertainty of Nuclear Waste: Differences Among Science, Business and Environmental Group Member," in the October 1994 issue of Risk Analysis.

L. VAUGHN BLANKENSHIP was invited in July to make a presentation to the staff of the assistant secretary for educational research and improvement, and in August he was invited by the National Academy of Public Administration to serve on a panel to oversee and direct the design of a study on performance indicators for NSF research centers.

JAN BRUECKNER (affiliate, economics, UIUC) presented papers over the summer at the NBER Summer Institute and at an urban economics conference in Tel Aviv. He also participated in a World Bank mission to South Africa, which made recommendations regarding that country's new housing program.

ROBERT J. BUCHANAN (affiliate, community health, UIUC) received a grant from the Alzheimer's Disease Research Fund financed by the Illinois Income Tax Checkoff program and administered by the Illinois Department of Public Health. The objective of the project is to identify innovative policies developed by state Medicaid programs around the nation that increase the access that Medicaid recipients with Alzheimer's Disease have to long-term care. In addition, the study will identify any states that have developed special Medicaid policies or programs for home health and hospice care to assist Medicaid recipients with Alzheimer's Disease in the community.

DAVID CHICOINE is conducting a project (with Champaign County Supervisor of Assessments Jim Jacobs) to improve the performance of the property tax assessment system. A description of the survey to be used as part of this study appears later in this newsletter.

JOHN CRIHFELD has received a \$94,000 grant (with Robert Hauser and Shekhar Mehta) through the National Research Initiative of the U.S. Department of Agriculture to study the impacts of rural development policies. Together with THERESE MCGUIRE he organized the IGPA conference on "The Role of Infrastructure in Economic Development." It was held at the Chicago Hilton and Towers on September 24. In addition, Prof. Crihfield and J. FRED GIERTZ have been assisting the Illinois Gaming Board in evaluating the economic impacts of riverboat gambling in the state; their first report focused on the Alton Belle in Alton, near St. Louis. The executive summary of the report appears later in this newsletter.

SAMUEL K. GOVE published a chapter, "Top College Students Have No Respect For, Or Interest In, State Government Careers," in a volume entitled State Government: CQ's Guide to Current Issues and Activities,

1994-95, edited by Thad L. Beyle and published by Congressional Quarterly.

DORIS GRABER (affiliate, political science, UIUC) attended the annual meeting of the International Society for Political Psychology held in Santiago de Compostela, Spain, in July. She was co-program chair for the meeting and was elected president of the society for the 1995-96 term. During the 1994 meeting of the Midwest Political Science Association an entire panel was devoted to a discussion of Prof. Graber's books dealing with various political communications topics. She also participated in a roundtable at the 1994 convention of the American Political Science Association that focused on the question "Does the Public Opinion Presidency Serve Democracy?"

GEORGE GROSS organized a five-day intensive professional development course for non-engineering/non-technical professionals in the electric industry; it was held in early June at the Beckman Institute on the UIUC campus. A similar course will be held in November in Berkeley, California. Both courses have been administered by the Edison Electric Institute in Washington, D.C. Prof. Gross also organized a major national conference and two roundtable discussions on the electric utility industry.

GERRIT KNAAP (affiliate, urban & regional planning, UIUC) has been involved during that past two years in the development of the EnviroText Retrieval System, which will provide on-line access to all state and federal regulations, statutes, and administrative codes pertaining to the environment. In addition, with funding from IGPA Prof. Knaap and UIUC Prof. Cliff Singer and graduate student Andi Kelly have developed a model for analyzing investment decisions in tax increment finance

districts. In the past year Knaap and UIUC Prof. Lewis Hopkins also received funding from the Lincoln Institute for Land Policy to build a database and conduct research on the effects of land use planning in the urban development process.

JIM KUKLINSKI published (with graduate student Norman Hurley) "On Hearing and Interpreting Political Messages: A Cautionary Tale of Citizen Cue-Taking" in the August 1994 issue of Journal of Politics. In addition, he published an op-ed piece in the Chicago Tribune on race and the O.J. Simpson trial. He also presented a talk on the same subject at the UIUC Law School. Currently (with PAUL QUIRK and BOB RICH) he is completing a statewide health survey that will be administered to 800 Illinois residents; it will contain a number of experiments designed to test the depth of people's attitudes about health policy.

THERESE MCGUIRE attended the 50th Congress of the International Institute of Public Finance held in Cambridge, MA August 22-25, where she presented a paper (with Theresa Smith of the Federal Highway Administration) on the linkages between two major pieces of federal legislation—the Clean Water Act Amendments of 1990 and the Intermodal Surface Transportation Efficiency Act of 1991.

At the IGPA Property Tax Caps conference held in Chicago on September 13 Prof. McGuire presented preliminary results of an analysis of the effects of the three-year-old property tax cap measure in the collar counties. The analysis consisted of a comparison of property tax growth in jurisdictions subject to the cap to growth in jurisdictions in the metro area not subject to the cap. The results indicate that the cap has been effective for school districts

but not for municipalities and certain special districts.

STUART NAGEL (affiliate, political science, UIUC) is editing a four-volume set for Macmillan Press on development and public policy in Africa, Asia, Eastern Europe, and Latin America as well as multi-volume sets for JAI Press on Public Policy Analysis and Management, Law and Policy Studies, Social Science and Computers, and Developing Nations and Public Policy Studies.

JIM NOWLAN (IGPA Senior Fellow) received the 1994 Public Service Award for "Distinguished Leadership as a Public Administrator" from the Illinois state capital chapter of the American Society of Public Administration at its June 27 awards reception at the Illinois state library. Performance Rankings of Illinois School Districts, co-authored with Roy Andersen, Richard Stout, and Martin Eisenberg (economists at Knox College) and published by the Taxpayers' Federation of Illinois, received the 1994 award for "the most distinguished research" from the Governmental Research Association at its annual national conference in Chicago in August.

ROBERT F. RICH and Cheol Oh wrote a chapter, "Utilization of Policy Research," which was included in the Encyclopedia of Policy Studies; the book won the Aaron Wildavsky Award for the best book published in 1994 from the Policy Studies Organization. In addition, Rich has been named visiting fellow in the Center for the Study of American Government at Johns Hopkins University.

BRIAN SALA (visiting scholar, political science, UIUC) and his wife Hedy had a son, Aaron Walter, on August 31. All are doing well.

MILDRED SCHWARTZ (affiliate, sociology, UIC) attended the Canadian Political Science Association meeting

in Calgary in June, where she chaired two sessions and attended a meeting of the advisory board of the Canadian Journal of Political Science. She also published "North American Social Democracy in the 1990s: The NDP in Ontario" in the April issue of Canadian-American Public Policy.

BOB RESEK, who joined IGPA this summer after serving as UI vice president for academic affairs, will be spending much of this year as a visiting scholar at UCLA where he will participate in the UCLA Business Forecasting Project, which is part of the John E. Anderson Graduate School of Management. This is a continuation of his earlier work in economic forecasting.

JIM ROSE has completed a report for the Illinois Facilities Fund and the Illinois Dept. of Mental Health and Developmental Disabilities, with partial funding from the Bank of America Illinois. Entitled "The Housing Challenge: Meeting the Housing Needs of Illinois Residents with Mental Illness and Developmental Disabilities," reviews the current situation and offers immediate options and longer term strategies for meeting the housing needs of this population.

BART WECHSLER, a new member of the IGPA faculty, published "Reinventing Florida's Civil Service System: The Failure of Reform?" in the spring 1994 issue of Review of Public Personnel Administration and served recently as a consultant to the state rural development councils in Idaho, Iowa, Louisiana, and Ohio.

WILL WHITE presented a paper (with David Dranove, UIUC College of Commerce), "Option Demand, Medical Specialization and the Pricing of Medical Services," at the Western Economic Association annual meeting in Vancouver, B.C., in July. White and Dranove also co-authored a paper, "Recent Theory and Evidence

on Competition in Hospital Markets," which was published in the Journal of Economics and Management Strategy as well as a monograph, "Clinton's Specialist Quota: Shaky Premises, Questionable Consequences," which was published by the American Enterprise Institute.

PERSONNEL NEWS

Robert Katz, former director of Housing Research and Development, who joined IGPA in August 1993 after HR&D was dissolved, retired from the university this summer and moved to England where he will continue his research on housing policy.

James D. Nowlan has been named the institute's second senior fellow. He is well known in Illinois government circles as well as at UIUC. He has a Ph.D. from the university's Dept. of Political Science and taught in the department for several years. Most recently he served as president of the Taxpayers' Federation of Illinois.

Robert W. Resek joined IGPA in August after serving as university vice president for academic affairs for the past seven years. He plans to spend this academic year in Los Angeles at UCLA.

Brian Sala, whose primary appointment is in the UIUC Dept. of Political Science, will join IGPA as a visiting scholar in January 1995. He received his Ph.D. in 1994 from the University of California at San Diego and has had a temporary office in the IGPA-Urbana building since his arrival at the university last year.

Barton J. Wechsler who joined IGPA in August, will coordinate the

institute's government training programs. Prof. Wechsler came to the university from Florida State University and has a joint appointment with the UIC School of Urban Planning & Policy.

INSTITUTE ADVISORY COMMITTEE

For the 1994-95 academic year the institute's elected advisory committee consists of the following people: John Carihfield, Fred Giertz, Cedric Herring, Tom Ulen, and Will White. The meetings are chaired by Bob Rich; associate directors Therese McGuire and Anna Merritt serve as ex officio members.

NATIONAL ADVISORY COMMITTEE

In addition to its elected advisory group, the institute also has a National Advisory Committee comprising individuals chosen from various walks of life and from throughout the country. Members serve three-year renewable terms. As of early September the committee consisted of the following persons:

Wallace Oates—Chairman,
University of Maryland
William Hudnut—The Civic Federation
Kathy Kustra—Grant Thornton, Chicago
Helen Ladd—Brookings Institute
Abner J. Mikva—U.S. Circuit Court for
the District of Columbia Circuit
David J. Paulus—consultant,
San Francisco
Judith Paulus—consultant,
San Francisco
Robert Perloff—University of Pittsburgh
Richard Phelan—Pres., Cook County
Board of Commissioners
Michael Preston—University of
Southern California
Adlai E. Stevenson III—Mayer, Brown
& Platt
Frank Thompson—State University of
New York at Albany
Michael Tristano—consultant,
Chicago

Douglas Whitley—President,
Ameritech Illinois

The committee held its annual meeting on September 22-23 at The Talbott Hotel in Chicago. The after-dinner presentation on the 22nd was made by George Gross, a member of the IGPA faculty; he spoke about new developments in the electric utility regulations arena. At its executive meeting during the lunch break on the 23rd, committee members decided to establish a subcommittee to work on an endowment for the institute.

In September two members of the NAC, William Hudnut and Frank Thompson, were elected fellows of the National Academy of Public Administration.

ETHICS IN GOVERNMENT PROGRAM

The Paul H. Douglas Ethics in Government program, administered by IGPA for the university, is now in its second full year of activity. The first awardee, Mike Mansfield, was honored at a reception in Washington last spring. A selection committee is now in the process of choosing the second awardee. This year the educational component of the program will consist of a day-long conference on "The Media and the Clinton Presidency."

INSTITUTE BROCHURE

A revision of the IGPA brochure, "Inside the Art of Public Policy," was published this summer and is now available. The 8 1/2" by 11", 20-page publication will be distributed at institute events and given to potential donors as well as individuals interested in learning more about IGPA.

ILLINOIS FOCUS

As part of its public service mission, for the past three years IGPA has been giving high priority to generating a series of op-ed articles for the Chicago Tribune. The project is under the direction of Paul Quirk. A complete collection of all these as well as other short pieces printed since September 1991 is available upon request. During the past year seven op-ed articles have appeared in the Tribune:

"Adding state and federal taxes will subtract jobs," by John B. Cihfield and Martin P.H. Panggabean (8/26/93)

"Incentives can help clear the air," by Richard F. Kosobud (3/29/94)

"Education and our economic future," by Geoffrey Hewings and Harrison Campbell (7/14/94)

"An absence of trust is impoverishing education in Illinois," by Jim Nowlan (8/19/94)

"Curing ills of medical malpractice," by Thomas S. Ulen (8/22/94)

"Race: Bridging the great divide," by James H. Kuklinski (9/6/94)

"Reformed funding for education," by John B. Cihfield (10/12/94)

POLICY FORUM

IGPA has been publishing Policy Forum since 1988. Each issue comprises a single four-page essay on an important policy issue. Four such essays appeared during the past academic year:

"Way to Investment and Employment Growth," by John B. Cihfield and Martin P. Panggabean

"National Health Care Reform and Its Impact on Illinois," by Robert F. Rich

"Curing The Ills of Medical Malpractice," by Thomas S. Ulen

"Federal Agency Approaches To Conserving Biological Diversity," by Robert F. Rich and Edward W. Stowe III

GOVERNMENT TRAINING

The institute has been providing training seminars for senior government officials in Illinois since 1988. With the appointment of Professor Barton Wechsler, IGPA intends to solidify and expand this program considerably. UIC graduate student Cecile Lardon has been appointed to assist Prof. Wechsler with the training programs.

In addition to the extensive series of seminars and workshops described in the spring 1994 newsletter, IGPA worked with the Cook County Dept. of Human Resources to arrange two sessions on "Building High Performance Teams," one for the Revenue Dept. and the other for department heads in Cook County government. They were held in Chicago on June 27-28 with Nancy Dering Stark as presenter.

CONFERENCES & SPECIAL EVENTS

Several members of the IGPA staff participated in the "1994 Illinois Public Finance Workshop for Legislators & Public Policymakers" in Springfield on March 21. The all-day workshop was sponsored by the Illinois Tax

Foundation, Taxpayers' Federation of Illinois, and IGPA, with financial support from the Chicago and North Western Railroad, John Deere, and Quaker Oats. Institute faculty who appeared on the program were Dick Dye, who gave a presentation on tax

caps; J. Fred Giertz, who spoke about alternative solutions to the Illinois school finance dilemma; Sam Gove, who moderated a session on budget cutting; Jim Nowlan, then president of the Tax Foundation and a member of the IGPA National Advisory Committee; and Jim Ward, who talked about school funding and issues of accountability.

A. Myrick Freeman III, professor of economics at Bowdoin College, spoke at the Urbana office April 12. In his talk, "Externality Costing: Energy, The Environment, and Economic Policy," he described the New York State Environmental Externalities Cost Project and some problems and pitfalls in using externalities cost information in resource selection and in other aspects of electricity system planning and decision making.

A major national conference on regulatory policy was held April 28-29. It was organized by George Gross in cooperation with the Center for Regulatory Studies, located in Bloomington, IL. Entitled "Carrots and Sticks: Innovative Incentive Rate Regulation for a Competitive Electric Utility Industry," the conference brought together a diverse group of participants to focus on issues related to nontraditional regulation of electric enterprises. Approximately 200 representatives from utilities, federal and state regulatory agencies, commissioners, consumer advocates, research institutions, financial houses and universities participated as presenters and discussants. Highlights of the conference included presentations by the British and Norwegian electricity regulators on recent developments in the two countries with the most intensely competitive electricity systems in the world.

Donald E. Stokes, a political scientist from the Woodrow Wilson School at Princeton University, gave a presentation on May 5 in the

conference room of the IGPA-Urbana building. Professor Stokes addressed the question "How could we have so misunderstood the goals of science, and what can we do about it?" The talk was part of the institute's series on the relationship between policy research and policy making.

Benjamin F. Hobbs, professor of systems engineering and civil engineering at Case Western Reserve University, gave a presentation on "Acid Rain Compliance Planning for Electric Utilities: A Benders Decomposition Approach" in the IGPA-Urbana conference room on August 4. He proposed a mathematical programming method for choosing an optimal mix of options in response to Title IV of the 1990 Clean Air Act. The visit was organized by George Gross.

On September 9 IGPA held a day-long roundtable on "Restructuring in the Electricity Business" at its Urbana office. It also was organized by George Gross. Featured speaker was Marvin S. Lieberman, director of regulatory relations for the Electric Power Research Institute in Palo Alto, CA. Approximately two dozen representatives from business, regulatory agencies, and various interest groups participated in the lengthy and lively discussion.

A one-day conference on "Property Tax Caps in Illinois," organized by Therese McGuire and Dick Dye, was held at the Blackstone Hotel on September 13. Researchers presented analyses of the experience with tax caps in the collar counties since the caps were introduced in 1991, while professionals from local government, schools and the business community talked about their experiences and debated the policy implications of the tax cap in

anticipation of the advisory referendum in Cook County on November 8. Approximately 125 people attended the meeting.

Another major day-long conference, organized by John Crihfield and Therese McGuire, was held September 24 at the Chicago Hilton and Towers. Its theme was "The Role of Infrastructure in Economic Development." The conference featured scholars and government officials from all over the country, including Governor Walters of Oklahoma and Frank Kruesi, assistant secretary for transportation policy in the U.S. Department of Transportation and former chief policy officer in the administration of Richard M. Daley, mayor of Chicago.

AN EVALUATION OF THE ECONOMIC IMPACT OF THE ALTON BELLE RIVERBOAT CASINO: EXECUTIVE SUMMARY

by John B. Crihfield and J. Fred Giertz

This report evaluates the economic impact of the Alton Belle on the city of Alton and the surrounding areas in Illinois after its first three years of operation. The evaluation uses actual data for consumer spending for the area for the last three years. To isolate the impact of the riverboat from the other changes that have taken place in the economy, adjustments are made for inflation and for the general rate of growth for the state of Illinois as a whole.

Results. The preliminary results for the first three years of operation for the Alton Belle indicate that it has had a positive impact on the city and the region's economy. The direct impact is clear: payrolls and employment on the boat itself have increased significantly in the last three years as have the taxes and fees generated by the boat. Over 1,000 people are now on the boat's payroll and expenditures by the boat exceed \$45 million per year.

Over \$14 million in state and local tax revenues are generated directly by the boat.

The Alton Belle's customer lists indicate that more than one-half of the customers of the Alton Belle reside outside the state of Illinois. This suggests that much of the economic activity generated by the boat provides a positive stimulus for the state's economy rather than simply redirecting economic activity within the state to gambling from other expenditure areas.

The data show a substantial increase in economic activity for Alton and the surrounding area since the riverboat began operations.

►Personal income growth for the area is estimated to have exceeded inflation by 4 percent from 1991 to 1992 and by 3 percent for 1992-3.

►Employment is estimated to have increased by approximately 20,000 jobs in the entire area (although all of this gain cannot necessarily be attributed to riverboat operations). The increase in employment in the city of Alton is estimated at approximately 1,500 jobs.

►Over the last two years, the average quarterly percentage growth rates for consumer spending for the state of Illinois was exceeded by the average for the city of Alton by six-tenths of one percent, by the remainder of Madison County by 1.9 percent, by the collar counties by 1.7 percent, and for the entire area by 1.7 percent.

Conclusion. The preliminary results for the first three years of operation for the Alton Belle indicate that it has had a significant impact on the city and the region's economy. While it is impossible at this point to measure the precise impact of the riverboat (especially on narrow categories of spending), additional years of

experience and more detailed data should provide a more definitive evaluation of the operation's long-run impact on the area.

PROJECT ON ASSESSING OFFICIALS' EDUCATION AND PROFESSIONALISM

By David Chicoine and Jim Jacobs

[Editor's note: Illinois spends about \$2.5 million annually on education stipends and performance bonuses for elected local assessors and county assessing officials. Prof. Chicoine and Champaign County Supervisor of Assessments Jim Jacobs are working on a project that will lead to a more efficient use of these funds and improve the overall performance of the property tax system. The following statement is from a project overview submitted in September to the Dept. of Revenue.]

The Illinois Department of Revenue in April 1994 convened a small group of leaders in the assessment community to discuss ways to improve the performance of the Illinois assessment system. All agreed that improvements could be made in the areas of education, qualifications, ethics, and incentives for assessing officials. Research teams were formed, additional members recruited, and work began.

Over the next five months, the project's core group and research teams met 11 times. Final work products are not complete, but three significant and potentially far-reaching efforts are underway. Status of each initiative, as of September 1994, is as follows:

Illinois Ethics Code. A code of ethics and standards of professional assessment practice have been developed to ensure professional behavior among all

assessing officials. The proposed code requires assessing officials to conduct assessing and reporting functions in compliance with The Appraisal Foundation's Uniform Standards of Professional Assessment Practice. Screening of ethics complaints would be conducted by assessing officials named to a Professional Standards Committee. Enforcement would be the responsibility of the Department of Revenue.

Education "Ladder" for Assessing Officials. A comprehensive list of required skills and competencies for assessing officials has been developed and stratified by levels of expertise. A minimum level of expertise would be instituted for all Illinois assessing officials, and a "ladder" of continuing education would encourage officials to continuously increase their level of knowledge. Curricula of some current educational offerings would be revised to better reflect the needs of the field.

Incentives for Performance and Educational Achievement. An expanded and revised framework of stipends for educational achievement has been developed; performance-based incentives are being evaluated for effectiveness. A pilot accreditation program has been proposed to provide evaluation and feedback, at the county level, by a team of assessing officials.

CENTER FOR PREVENTION RESEARCH & DEVELOPMENT by Bob Felner

Center for Prevention Research and Development (CPRD) falls primarily under IGPA's Program in Poverty, Social Problems and Urban Policy. The philosophy underlying the center is that land grant universities at the current time, and in the future, will need to create partnerships between the university, the state, and local communities to address the needs of people, communities, and business

similar to those that have been so successfully carried out in the traditional areas of agriculture and engineering. CPRD seeks to provide technical assistance, evaluation, and research capabilities to social, educational, and health agencies, throughout the state and nation. A related goal is the development and dissemination of research pertaining to social and educational policies aimed at the prevention of disorder and failure for "at risk" populations and the promotion of healthy communities. In pursuit of these goals, CPRD's efforts may be divided into two major areas: (1) Educational Reform and Restructuring; and (2) Community Health and Social Services.

CPRD is playing a leadership role in national and state efforts to develop a knowledge base to better inform educational reform and restructuring. Currently, CPRD is the lead site in the national evaluation of the Carnegie Corporation's Middle Grades School State Policy Initiative, which involves schools from 15 states. A related effort within the state of Illinois is also funded by the Carnegie Corporation and, in collaboration with the association of Illinois Middle Schools and the Association of Illinois High Schools, involves the creation of a network of schools within these Associations to develop effective strategies for facilitating school reform and of new evaluation models for understanding the impact of these efforts. During the past year a network of schools in Indiana has joined these efforts and CPRD has received funding from the Lilly Endowment to expand its efforts into that state. Recently, CPRD has received a major grant from the Kellogg Foundation to create an evaluation and data-based school improvement process for the several hundred schools that will participate in the Kellogg funded "Middle Start" Initiative in the state of Michigan.

A second major thrust of CPRD's involvement in educational reform has been concerned with providing technical assistance to and evaluation of Project Success, a joint initiative of the Office of the Governor, Lieutenant Governor, and relevant state departments and agencies. Project Success seems to create and integrate a model for the coordination of health and social services for families using the school as a "HUB." As Project Success has expanded to more than 60 schools throughout Illinois schools in the past year, CPRD has continued with the evaluation and development of policy recommendations from these activities.

The second major strand of CPRD's activities emphasizes the development and evaluation of community-based prevention and intervention initiatives for children and families "at risk" throughout the

state. A core partner in these efforts has been the state Department of Alcoholism and Substance Abuse (DASA). This strand also has several major sub-initiatives, including: the development and evaluation of comprehensive prevention, health, and human development/services strategies and policies for public housing communities throughout the state; approximately a dozen housing authorities, in rural, urban, and suburban communities throughout Illinois. A major focus of this initiative is the development of model programming and policies for the systematic enhancement and reform of these communities in ways that lead to positive life (e.g., educational, social, vocational, health) outcomes for their members as well as the reduction of the social problems that have plagued these communities.

CPRD is also collaborating with DASA and other state agencies (e.g. the Illinois Department of Public

Health) and local communities in the development of model prevention and intervention initiatives, and to provide a sound evaluation base for the development of social policies to attack the problems that confront our state and nation. Included here has been the development and funding of proposals by CPRD and its collaborators, for more than \$7 million in federal funding. These funds have supported local community agency/ CPRD partnerships and coalitions communities across the state to fight substance abuse and create healthy communities, and to improve health care and reduce substance abuse among pregnant and parenting women in high risk communities. CPRD has also carried out a number of smaller training programs, consultations, and program initiatives for the legislature, state agencies, and a number of local communities.

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Editor: Anna J. Merritt

DIRECTOR'S STATEMENT

by Robert F. Rich

The 1994 elections brought many changes to the national and state political scene. Some of the most interesting, and less obvious, have to do with the roles played by the national, state, and local levels of government in organizing, financing, and delivering services. The Republican "Contract with America" calls for greater policy-making authority for state and local governments, especially in the areas of health and human services.

The U.S. Senate has set the tone for the "new, new federalism" of the 1990s with Senate Bill One. This bill deals with "unfunded mandates" and promises relief from the wave of mandates passed in the 1980s. A bill designated as number one usually has the highest priority for the majority party. In this case, Congress is clearly giving a signal that it wants to rethink, once again, federal, state, local relations.

The most immediate issue with which many state governments, including Illinois, are dealing is "welfare reform." With a view toward overhauling, or even abandoning, AFDC, what will the so-called "safety net" look like in the future? Will states emphasize "back to work" programs and significantly reduce cash payments, food stamps, public housing, and Medicaid benefits? Do the states have the capacity to run the "welfare system?" Is this country prepared to accept wide differences in the level of benefits offered by the states?

Another challenge is presented by the continued need to improve the way our health care system is financed and organized. Most Republicans and Democrats agree that the Medicaid system needs to be changed. The trend seems to point to the introduction of managed care along with sharp reductions in benefits. Once again, the intergovernmental question is in the forefront: Will the states take increasing responsibility for the organization and financing of Medicaid?

States also face increasing pressure to do something about insurance reform. Major aspects of the present system that need to be dealt with include: portability, automatic renewability, community ratings, and not allowing pre-existing conditions as grounds for denying insurance.

Reforms in the area of health and human services will be accomplished through block grants from the national government to the states. A major question at this time is: How will this grant system be organized, and how much money will actually be transferred? Most state officials are wondering if they aren't being asked to "do more with less" at a time when they do not have the financial capacity to "do more."

It seems clear that a decreasing role for the federal government with an increasing role for the states will all lead to an increased role for city and county governments. These governments want to be more directly involved in the design and implementation of

programs that affect their constituents directly. As decentralization becomes more popular—down to the level of community and neighborhood groups and through "privatization"—a number of questions arise: Do these governments and groups have the experience, expertise, and capacity to formulate and implement complex programs? To what extent is the decentralized approach effective and efficient in administering and delivering human service programs? The extent to which decentralization moves forward will, in the long run, depend on the ability of decentralized programs to produce results.

It is also important to note that the "Contract with America" and the trend toward decentralization will be implemented at a time when the business cycle will most likely be in a downward cycle. If the economy begins to turn sour, we will not be able to examine results from a true test of efficiency and effectiveness; we won't be able to separate the results from a change in the economy from those attributable to changes in how services are organized and financed.

For policy analysts interested in state and local government, this is an exciting and interesting time. We need especially to monitor what is happening in the area of health and human services. We also need to advise government about what is working and what is not working in each of these crucial areas. The faculty and staff of IGPA look forward to this challenge.

FACULTY AND STAFF ACTIVITIES

KEN ANDERSEN (affiliate, speech communication, UIUC) received the Speech Communication Association's Distinguished Service Award at the association's annual convention in New Orleans in November. Andersen, who coordinates the Committee on Institutional Cooperation (the academic consortium of the Big Ten Universities and the University of Chicago), also published a paper describing the CIC program in the fall 1994 issue of New Directions for Higher Education.

DICK ARNOULD (affiliate, economics, UIUC) presented a paper, "Impact of Managed Care Schemes: A Review of the Evidence," at the Health Care Policy and Regulation Workshop, Rutgers University, December 1994.

GIB BASSETT (affiliate, economics, UIC) presented papers on perceived risk associated with the storage of nuclear waste at the annual meeting of the Association of Policy Analysis and Management in Chicago on October 27 and at the annual meeting of the Society for Risk Analysis in Baltimore on December 5, 1994.

BOB BUCHANAN (affiliate, community health, UIUC) received funding of \$106,507 from the Health Care Financing Administration of the U.S. Dept. of Health and Human Services for a two-year AIDS-related study, which will describe and analyze a range of state-administered public programs available to cover and finance the health care needed by people with AIDS (PWA) and people who are infected with HIV.

DAVID CHICOINE relinquished his duties as head of the Department of Agricultural Economics and re-joined IGPA on January 21, 1995.

He will resume his research and public service activities in state and local public finance.

JONATHAN CRANE is working on a book entitled "Social Programs: What Works and What Doesn't." His recent paper, "Race and Children's Cognitive Test Scores: Empirical Evidence that Environment Explains the Entire Gap," has received a good deal of attention in the media since his findings contradict the controversial book, The Bell Curve. In addition, a paper, "Optimal Resource Allocation Policies for the Prevention of Contagious Social Problems," has been accepted for publication by the Journal of Socioeconomics.

JOHN CRIHFIELD was a discussant in a session on productivity and the public sector at the American Economic Association meeting (joint with the National Tax Association) in Washington, D.C. in January. He also presented a seminar in October at the Chicago Federal Reserve Bank on the U of I Flash Index of Economic Growth. The Flash Index, prepared each month by Carihfield, has received widespread attention and is regularly reported in the Chicago Sun-Times. In addition, he published a review of Microcomputer-Based Input-Output Modeling, edited by Daniel Otto and Thomas Johnson in the Winter 1994 issue of Growth and Change; and organized and chaired a session on the economics of gambling at the Illinois Economic Association meeting in Chicago in October.

JOHN CRIHFIELD and FRED GIERTZ continue to issue their monthly "Illinois State Revenue Report and Forecast," which has given them statewide recognition. They were quoted extensively in an article entitled "Finding jobs in Illinois," which appeared in the January issue of Illinois Issues, and were cited for their study on the economics of gambling in the Chicago Sun-Times and in the February issue of Illinois Issues, which also carried an article coauthored by them entitled "Improving

economy won't solve state's budget problems."

DICK DYE (visiting professor, Lake Forest) has spent a good deal of time in recent months on the property tax caps issue in Illinois, including organizing a successful statewide conference, publishing an op-ed piece in the Chicago Tribune, speaking to various organizations, and being interviewed by several newspapers and radio stations. In addition, as president-elect and program chair he organized the annual meeting of the Illinois Economic Association, held in Chicago in October; he has now assumed the office of president for that association.

SAM GOVE has been appointed to a task force for the Campaign Finance in Illinois Project, organized by Illinois Issues. The role of the fourteen-member task force will be to offer advice and support, to participate in the discussion process, to make recommendations, and to issue a report by December 1996.

DORIS GRABER (affiliate, political science, UIC) was an inaugural speaker for the University of Minnesota Political Psychology Program annual lecture series and for the Norman Thomas Lecture Series at Vanderbilt University; in each case she spoke about the political consequences of new information technologies. She also published an article on the quality of political content in television news in Discourse and Society, as well as a chapter explaining political science perspectives for a journalism text, Reporting Our World, edited by Bruce Evenson. In December 1994 Professor Graber traveled in Vietnam to observe economic development in that country.

THERESE MCGUIRE participated in a panel entitled "Options for Structuring California's Finance" at the 1995 Senate Fiscal Retreat at the University of California, Berkeley campus

February 2-4, 1995. The retreat is an annual event organized by the California Policy Seminar, a joint program of the University of California and state government.

McGuire's presentation covered three topics: (1) California is not unique in facing important issues of state involvement in local government finances; (2) states across the country are facing structural deficits; and (3) while the effect of state and local taxes on state job growth is a controversial issue, the evidence is not strong for the idea that taxes matter.

STUART NAGEL (affiliate, political science, UIUC) recently published two books dealing with super-optimum solutions (i.e., solutions that enable all major viewpoints to come out ahead of their best initial expectations simultaneously). A piece by Professor Nagel on "Win-Win Policy" appears later in this issue of the newsletter.

JIM NOWLAN (senior fellow) has received an \$85,000 grant from the Joyce Foundation for "Dreaming About Adequacy." He will work with education leaders from low-expenditure school districts in Illinois to develop models for how they would apply additional financial resources and then to project how those new dollars could be expected to improve pupil achievement over time. Nowlan and two economists from Knox College have also received a grant from the Taxpayers' Federation of Illinois to produce a second edition of "Performance Rankings of Illinois School Districts."

The January 23 issue of Crain's Chicago Business contained an opinion piece by Nowlan entitled "Has Pate snookered the new GOP majority?" In addition, as the institute's senior fellow, he has been conducting policy briefings for Illinois legislators on such topics as tax reform and Medicaid.

TONY ORUM (affiliate, sociology, UIC) was recently elected president-elect of the Midwest Sociological Society; when he becomes president in 1996, he will arrange the theme and program for the annual meeting, which will be held in Chicago. Professor Orum's book, City-Building in America, has been published by Westview Press, which deals with such questions as, Why do some cities grow and expand, while others dwindle and decline? Why is Milwaukee a town of the past, while Minneapolis seems reborn and infused with future dynamism?

BRIAN SALA was quoted in a Chicago Tribune article by Michael Kilian that carried the headline: "U. of I. professor thinks Gingrich may soon rue some of his rules." In part he said: "The Democrats did many ... things because Republicans were successful at trying to split up the Democrats' coalition or just being dilatory. The whole history of Congress is filled with responses to dilatory tactics or attempts to break up coalitions."

TOM ULEN gave the keynote address at the inaugural meeting of the Latin American Law and Economics Conference in Mexico City in early February. He is involved in a World Bank project on judicial reform and economic development in Latin America and will present a paper on that topic at the annual meeting of the American Law and Economics Association in Berkeley in May and in Rio in November. Professor Ulen has also finished articles on the economics of corporate criminal liability, on the economics of the collateral source rule, and on intellectual property rights and economic development, and will be delivering a paper on the and economics of federalism at a conference in Leuven, Belgium, in June and a paper on the economic analysis of comparative law at a conference at the NYU Law School in August. In addition, he is organizing a half-day conference in late April in Chicago on medical malpractice reform and in the fall in Chicago on wetlands regulation.

BART WECHSLER published "Motivation of Personnel: A Synthesis of Recent Research" in The Handbook of Public Personnel Administration and "A Theory of Public Sector Commitment" in Research in Public Administration. In his capacity as director of the institute's Office of Public Management, he has conducted programs for the Civic Federation of Chicago, Cook County Hospital, the Intergovernmental Executive Development Program, the Chicago chapter of the National Forum of Black Public Administrators, the Hemingway Foundation of Oak Park, and the Massachusetts Rural Development Council, as well as a training session for Cook County managers on "Becoming a Strategic Manager."

SHERRI AVERSA has joined the IGPA staff as a health policy specialist. Ms. Aversa hails from Gainesville, Florida, and moved to Champaign-Urbana this summer with her husband, Lee Crandall, the new head of the Dept. of Community Health. Aversa completed her Ph.D. in the College of Pharmacy at the University of Florida Health Sciences Center in December; her dissertation was on "Psychosocial Aspects and Medication Taking Practices of HIV Patients." In 1993-94 she was executive director of the North Central Florida AIDS Network.

POLICY FORUM

Two issues of Policy Forum have appeared so far in this academic year:

"Race and Educational Achievement," by Jonathan Crane

"The Committee for Educational Rights v. Edgar: Law or Politics in School Finance Reform?" by James Ward, W. B. Colwell and James Kestner

ETHICS IN GOVERNMENT PROGRAM

The Paul H. Douglas Ethics in Government program, established in 1992 by the University of Illinois and administered by IGPA, consists of an award program and an education component. The first awardee, honored at a reception in Washington in March 1994, was Mike Mansfield. This year's recipient, Archibald Cox, will receive the award in Chicago sometime in May. The 1994-95 education program will consist of a day-long forum at the UIUC Illini Union on March 24 entitled "Clinton and the Media: Is the Presidency Undone?" Participants will include Pulitzer Prize winner Roger Wilkins, Richard Kaplan and Hal Bruno (both of ABC News), Richard Day (who operates a polling agency), Judith Trent (associate university dean for research and advanced studies at the University of Cincinnati), and IGPA affiliate Doris Graber. The discussion leader for the morning session on "How Did We Get Where We Are?" will be UIUC journalism professor Louis Liebovich. Leading the afternoon discussion on "How Do We Get (Back) on Track?" will be IGPA's Paul Quirk. The forum was organized by Anna Merritt and IGPA affiliate Ken Andersen.

PUBLIC MANAGEMENT PROGRAMS

The challenge of public management has never been greater. Citizens expect their governments to provide quality public services and cut costs, satisfy the needs of customers and be accountable for results, be responsive to elected officials and constituents, and operate efficiently and effectively. Recognizing that capacity building is a major concern of governments at all levels, IGPA has made public management a central focus of its

public service activities.

IGPA's public management programs and services, including training, consulting, and technical assistance, are offered to federal, state, and local government agencies, not-for-profit organizations, and community-based groups. Among the programmatic areas where IGPA faculty and staff have capacity and expertise are:

- management training and development
- organizational assessment and diagnosis
- strategic management and planning
- organization development and team building focus groups
- focus groups
- organizational and customer surveys
- personnel and human resource management
- fiscal analysis and financial management

In addition, IGPA is able to call on faculty from both campuses of the University of Illinois as well as public management experts wherever they may be located. As a result, governments are provided the highest level of professional services and technical expertise.

Director of this program is Bart Wechsler; he is assisted by UIC graduate student Cecile Lardon.

CONFERENCES & SPECIAL EVENTS

During the fall semester the institute held a brown bag series in the IGPA-Urbana conference room on "The Future of the American Research University." Presenters included Don Uchtmann (Cooperative Extension), Bob Rich, Vaughn Blankenship, Dean David Pearson (College of Education), UI Vice President Sylvia Manning, UIUC Chancellor Michael Aiken, and Dean William Schowalter (College of Engineering).

Two lectures were also held in the IGPA-Chicago office as part of a Health Policy Lecture Series: Richard Frank of Harvard University spoke on "Health Care Reform and Community Health Systems" on October 27 and Harold Luft from the University of California at San Francisco spoke on November 16 about "Risk Adjustment in Paying Health Plans."

On December 1-2 twenty-seven members of the Illinois General Assembly's Conference of Women Legislators met at the Allerton Park Conference Center for a strategic planning session. The meeting was organized for the group by Therese McGuire with the assistance of graduate student Jessica Rio and Associate Director Anna Merritt. In addition to a keynote address by Debbie Walsh from the Center for the American Woman in Politics at Rutgers University and developing a mission and set of goals for the group with Linda Schaumann Reese as facilitator, the group heard experts on three topics: women's health, child welfare, and domestic violence. The retreat concluded with agreement on a preliminary legislative plan of action.

A seminar for new members in the Illinois General Assembly, organized by IGPA, was held in Springfield on January 23-24. Of the 29 new members, all but four attended the seminar, which focused on three issue areas: taxes, tax reform, and the economic outlook for Illinois; education reform and the Chicago schools crisis; and the impact of federal dollars and programs on the states, with special emphasis on welfare reform, medicaid and health care reform, and tort reform/malpractice. IGPA faculty members who served as presenters were: David Chicoine, Jonathan Crane, Bob Felner, Fred Giertz, Therese McGuire, Jim Nowlan, Bob Rich, and Tom Ulen. University of Illinois President Stanley Ikenberry addressed the group after dinner on the first evening.

On March 27 participants in the Dunn Fellowship program and the Marzullo Internship program will spend the day at IGPA-Urbana to talk with faculty about current policy issues in the state.

IGPA ON INTERNET

As of early March information about the Institute of Government and Public Affairs is available on Internet (through Gopher) under the University of Illinois listing. In addition to general information, we will include the newsletter and POLICY FORUM.

SPECIAL LECTURE SERIES

This spring will see the conclusion of the lecture series organized by Tom Ulen to celebrate the opening of the new IGPA-Urbana building in summer 1992. The series addressed the general theme of the impact of scholarly innovations on the formation and implementation of public policy. Each presentation focused on an area that reflected the scholarly and policy interests of a set of IGPA faculty members.

Speakers in the series included Judge Abner Mikva who came to Urbana in May 1993 and talked about the relationship between innovations in legal scholarship and the practice of lawyering, legislating, and judging. Professor Wallace Oates of the University of Maryland spoke in October 1993 about the effect of scholarship on public policy in the environmental arena. Professor Irwin Garfinkel of Columbia University came in early December 1993 to talk about the relationship between welfare studies and the design and implementation of policies for child support. And Professor Donald Stokes from Princeton University spoke in May 1994 about political

science and politics.

On April 28 Professor Ted Marmor of Yale University will address the issue of health policy research and policy making, and on May 5 University of Illinois President Stanley Ikenberry will give the capstone presentation of the series, giving his views on the issue of scholarly innovation at a major research university and how it can influence the policy arena.

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ILLINOIS STATE REVENUE REPORT AND FORECAST

by John B. Cihfield and J. Fred Giertz

[Note: This report was dated January 1995 and issued February 2, 1995]

The Illinois Economy. The Illinois economy in January regained some of the momentum that it appeared to be losing last month. The U. of I. Flash Index of Illinois Economic Growth registered one of its strongest readings in recent years. Unexpectedly large corporate profits explained much of this gain. The index, however, is still below the levels recorded in October and November of last year. The January results suggest that the widely predicted slowing of the economy in calendar 1995 has yet to begin. The Illinois unemployment rate remains extremely low by historical standards at 4.2 percent, the lowest in over 20 years.

State Tax Revenues. The state of Illinois recorded its highest monthly tax receipts in history in January. The \$1,259 million amount exceeded the previous high of \$1,214, registered in June 1994. Led by surpluses in all the major tax categories, actual receipts exceeded the needs level by \$81 million for the month. This reverses a two month trend of revenue shortfalls. In percentage terms, the performance of the corporate income tax was especially impressive. The only major shortfalls was in the utilities tax which may be explained by the unusually

mild winter the state has experienced.

For the first seven months of fiscal 1995, state tax, the sales tax and the corporate income tax) have all exceeded expectations so far this year.

Forecast. Bolstered by the strong January performance, the IGPA moderate growth forecast for fiscal 1995 increased substantially over last month to \$12,857 million. The IGPA forecast is now over \$100 million higher than the BOB and IEFC forecasts. Revenues for fiscal 1996 are now projected by IGPA to increase by \$838 million (or 6.6 percent) over the BOB 1995 forecast or by \$695 (or 5.4 percent) over the more optimistic IGPA 1995 forecast. The usual caveat is in order, however. Despite the healthy increase in revenues, the state still faces a difficult fiscal challenge for fiscal 1996, especially in dealing with the financing of Medicaid.

* * * * *

WIN-WIN POLICY

by Stuart S. Nagel (IGPA affiliate; Dept. of Political Science, UIUC)

Win-win policy refers to public policy that is capable of achieving both conservative and liberal goals simultaneously. Examples could be given from any field of public policy, such as economic, social, environmental, legal, or political policy. Win-win policies should be distinguished from compromises, where both sides partially retreat from achieving their goals in order to obtain an agreement.

As an example, the field of environmental policy involves conservative and liberal approaches. Conservatives emphasize the role of consumers and the marketplace in restraining business from engaging in socially undesirable activities, like pollution. The liberals emphasize the role of the government in restraining pollution. Conservatives are especial-

ly interested in the goal of economic development, which may be interfered with by government restraints. Liberals are especially interested in the goal of a clean environment, which may not be so effectively achieved by relying on selective consumer buying.

A neutral compromise approach might involve giving business firms partial subsidies to adopt anti-pollution devices. Doing so would involve some requirements for receiving the subsidies, but less interference than regulation and fines. Doing so would help promote a cleaner environment, but there might still be evasions by business in view of the extra expense and trouble in complying.

A win-win policy alternative might instead emphasize subsidies to universities and research firms to develop new processes (that relate to manufacturing, transportation, energy, and agriculture) which are both less expensive and cleaner than the old processes. Those new processes would then be adopted by business firms because they are more profitable, not because the firms are being forced or subsidized to do so.

The new processes would thus achieve the conservative goals of profits and economic development, even better than retaining the present marketplace. Such a win-win policy would also promote the liberal goal of a cleaner environment, even better than a system of regulation, and without the expense of a continuing subsidy for adopting and renewing anti-pollution devices.

A specific example of such an environmental win-win policy has been finding a substitute for aerosol propellants and air-conditioning freon that is more profitable to manufacturers and simultaneously less harmful to the ozone layer, which

protects against skin cancer. Another specific example is developing an electric car, which saves money on gasoline and maintenance, while at the same time not generating the exhaust pollution of internal-combustion cars. Developing hydrogen fusion or solar energy may also be an example of a less expensive and cleaner fuel for manufacturing processes.

Win-win policies may be capable of achieving both conservative and liberal goals in theory, but not in practice. To be meaningful policies, they may have to satisfy various kinds of feasibility. For example, is the policy of developing solar energy for manufacturing technologically feasible: Is there sufficient funding available to subsidize the needed research if the private sector is not so willing, due to the risks, the large amount of money needed, or the long wait before payoffs occur?

Is there insurmountable political opposition from liberals who do not like government subsidies to make business more profitable? What about the opposition from conservatives who do not like government involvement in developing a research agenda? Is the program administratively feasible in terms of built-in incentives, or does it require a lot of obtrusive monitoring? Does the program violate some constitutional rights? Does the program make provision for workers and firms that might be displaced if the policy is adopted?

Win-win policies may involve creativity, but developing them is becoming easier as a result of experience with the ideas. We now have many different approaches that can serve as a checklist in leading one to a win-win policy. For example, expanding the resources available can enable conservatives to have more money for defense, and liberals to have more money for domestic programs. The government can sometimes be a third party benefactor in providing vouchers to enable both landlords and tenants, and also

merchants and consumers to come out ahead.

One can also deal with problems like abortion by getting at the causes. They consist of unwanted pregnancies that could be lessened through more effective abstinence programs and birth control. Thinking in terms of the goals to be achieved, rather than the alternatives to choose among, can stimulate win-win policies. So can thinking in terms of increasing benefits and decreasing costs.

Other approaches deal with early socialization of widely accepted values, technological fixes like the non-polluting hairspray, and the contracting out of government activities to private firms (which do well as a result of both the profit motive and quality specifications in the contract). Further approaches may involve combining (rather than compromising) alternatives, developing a package with something for each major viewpoint, having international economic communities, adopting a gradual or incremental win-win policy, and arranging for big benefits on one side with small costs on the other.

Win-win policy may be especially relevant as a 1994-95 because the Democrats control the presidency and the Republicans control Congress. That means neither purely liberal nor purely conservative legislation is likely to pass in view of the Republican congressional majority, the availability of the filibuster to the Democrats in Congress, and the availability of the veto to the president. It is possible that some compromise legislation might pass, such as health care without an employer mandate or required forms of health insurance. Even better would be win-win policies such as promoting real economic growth through greater productivity related to increasing labor skills, new technologies, competition, and tariff reductions.

WHAT HAPPENED TO PEORIA: TEN YEARS OF AIRLINE DEREGULATION

by Richard M. Peck (IGPA Affiliate;
Dept. of Economics, UIC)

[Note: The following text is taken from a longer article that appeared in the Spring 1994 issue of Transportation Quarterly.]

In the mid-1970s Peoria, Illinois was a widely known example of the failure of the Civil Aeronautic Board's (CAB) regulation. Indeed, Peoria was the location for a well publicized Senate hearing in 1974 on the adequacy of airline service, not surprising given that this city of about 110,000 was served by only one major carrier. On the only early morning flight to Chicago, the most traveled route, average load factors reached 97%. This meant that 64% of the demand for this flight was not met on an annual basis. Yet despite a clear need for additional service, petitions for additional route authority were denied by the CAB throughout the early 1970s. Much of the criticism of CAB policy toward Peoria implicitly assumed that in the absence of regulation, service would improve.

Given its past role as a metaphor of CAB inadequacy, an obvious question is, after more than 10 years of airline deregulation, what happened to Peoria? The brief answer is that the quality of service rose along a number of important dimensions. The total number of departures was significantly higher in 1988, although the percentage of jet departures has declined since 1977. Over the same time period, on-line connections increased by over 100% along with a 50% increase in the number of cities listed with service to Peoria in the Official Airline Guide. Finally, the number of cities with convenient service to and from Peoria increased by more

than 200%.

It's disingenuous, however, to deny that airline deregulation did not have losers as well as winners. This is particularly evident in fares. While real average fares declined by 18% between 1977 and 1988, much of the decline reflected changes in relative prices and in the distribution of travel. Fares for short distance flights rose while fares for long haul flights fell. Traffic on short haul trips, less than 600 miles, declined while traffic to more distant destinations increased. The result was rise in average trip length accompanied by a decline in the average revenue per mile.

Background. Peoria is the third largest city in Illinois, located 157 miles southwest of Chicago and 167 miles northeast of St. Louis, with a metropolitan population of about 360,000. Peoria has been a prosperous, manufacturing center with a per capita income about \$1,000 above the U.S. average. The largest employer is Caterpillar Corp., a Fortune 500 corporation with about 20,000 employees. While manufacturing remains an important component of Peoria's economy, its share of employment has declined from 33.4% in 1976 to 29.4% in 1988. For the U.S. economy as a whole, manufacturing's share of employment was 21.9% in 1988.

Between 1977 and 1988, the relative size of Peoria's economy contracted. Between 1977 and 1988, per capita real income rose at an annualized rate of 1.3%, compared to the national average of 1.6%. Population also dropped slightly between 1977 and 1988. The early 1980s were a particularly difficult period for Peoria. Private sector employment peaked in 1979 but declined by 11.6% by 1982. Real community income dropped by 20%. In the early 1980s, Caterpillar teetered on the verge of bankruptcy. The economy of Peoria began to recover, however, in 1984. Total employment in 1988 had returned to its 1977 level

and real income rose 37% from its 1983 low.

Air Service in 1988. What happened with deregulation? By 1988, the quality of service improved significantly. The number of departures increased from 213 in 1977 to 319 in 1988. There was a significant increase in competition: six carriers served Peoria in 1988 versus two in 1977. Though there has been a decrease in destinations accessible via direct flights—four cities in 1988 compared to 10 in 1977—the number of cities listed in the Official Airline Guide for March 1988 is about 50% higher than the March 1977 listings. In 1988, there were 38 cities to which one could fly out of Peoria in the morning, conduct business during the regular working day, and return before nine in the evening. This compares with 11 such cities in 1977.

There have been some negative developments since deregulation. First, Peoria has lost much of its jet service. Another change since deregulation is the greater volatility of service. This is evident in two ways. First, CAB regulation dampened the effects of the business cycle on airline service.

Second, free entry and exit has resulted in more turnover in carriers and cities served.

Developments Since 1988. While the Department of Transportation has not released all the data necessary to make a complete assessment, several observations are warranted. In the period from 1988 to 1990, service to small communities throughout the Midwest declined. In Peoria the number of departures declined from 319 in March of 1988 to 265 per week in March of 1990 (up slightly to 277 per week in March of 1992). That matches the decline in other Illinois cities; for example, flights into Moline fell from 315 to 260 per week.

The decline in departures from Peoria has three principle causes. First, the trend to discontinue flights between Peoria and other non-hub and small hub markets has continued. Thus, the Bloomington-Peoria and Champaign-Peoria service, distance of 42 and 86 air miles respectively, were discontinued completely while the number of carriers serving the Springfield-Peoria route fell from three in 1988 to one in 1990. These developments are no surprise given the short distances involved and the smaller number of passengers traveling these routes. The Origin and Destination Survey indicates that in 1988 less than 1% of all passengers enplaning in Peoria flew to these cities.

Second, Continental Express and Midway are no longer serving Illinois markets. In 1988, Peoria had 54 flights provided by Continental Express. The withdrawal of Continental Express from Peoria accounts for much of the total decline between 1988 and 1990. On the other hand the bankruptcy of Midway was offset in part by the en-

trance of USAir into the Peoria market. Finally, the decline in flights reflects in part the general slowdown in economic activity attributable to the demise of the Reagan economic boom, as well as a prolonged strike at Caterpillar Corp.

While airline service has deteriorated since 1988, it is better than in 1977, the last year of regulation. The number of departures is higher and service convenience is greater. Finally, Peoria has air access to several major hubs, Chicago, Minneapolis and St. Louis, and one smaller hub, Indianapolis. Chicago is served by two carriers, American and United, the others by Northwest, TWA and USAir respectively. Since most trips require a connecting flight at the hub, there are typically four alternatives for the traveler, apart from a few of the 30 most heavily traveled routes. For example, passengers wishing to go to Miami have a choice of five carriers: American or United via Chicago O'Hare, Northwest via Minneapolis, TWA via St. Louis, and USAir via Indianapolis. Accordingly, for the present, the level of competition remains adequate for many markets.

Conclusion. Airline service in 1988 was very different than that envisioned by participants in 1974 Senate hearings, which found serious problems with airline service in Peoria. City Officials and consultants argued then that Peoria needed more "national service,"—non-stop jet service to cities such as Washington, Kansas City, Denver, Miami and Atlanta. Instead, in 1988 Peoria received a mixture of service to other small cities in Illinois and to major midwestern hubs. Service improved because departures from Peoria to major hubs increased. This was made possible by the use of turbo-prop aircraft that are economically better suited to a market of Peoria's size. Service also improved because major carriers adopted hub and spoke networks. Ironically, while these changes have improved service to Peoria, they have also precluded the kind of "national service" envisioned in 1974.

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IGPA Newsletter

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IGPA

NEWSLETTER

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INSTITUTE OF GOVERNMENT & PUBLIC AFFAIRS
UNIVERSITY OF ILLINOIS
1007 W. NEVADA STREET/URBANA, IL 61801
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Editor: Anna J. Merritt

DIRECTOR'S STATEMENT
by Robert F. Rich

The United States Congress is about to implement a set of block grants as a major component of the "Republican Revolution." The implementation process, which may start as early as January 1996, will present a new set of important challenges to state government and to our system of intergovernmental relations.

The concept of block grants is not new. They were first introduced in the Johnson administration and extended in the Nixon administration. Then in 1981 President Reagan consolidated more than fifty categorical programs into nine block grants. Block grants have several key characteristics: they are designed to be broader in scope than categorical programs; they give more discretion and flexibility to the states; funds are generally allocated according to criteria rather than a formula; and spending is limited in advance except for "entitlements."

Early block grant implementation was accompanied by cuts in federal spending. If one examines the Reagan block grants, for example, from 1983 to 1993 six of the nine grants experienced a 17% cut or more in real dollars. It is, therefore, difficult to determine whether the reduction in spending was due to cuts or the block grants.

The "innovation" in the current proposals is the elimination of entitlements such as Medicaid, food stamps, and other welfare benefits. Under these proposals, the federal government will place a "cap" on its

spending in a given area, thus replacing a system in which the states receive an allocation depending on the number of eligible people served. In this system the federal government does not know what it will spend until the end of the year. By capping entitlements, the federal government will be able to limit its spending from the outset and, thereby, contribute to reducing the federal deficit.

The current proposals have a number of general implications for Illinois and other states: (1) fewer federal programmatic dollars will flow into Illinois; the Center for Budget and Policy Priorities in Washington D.C. estimates a 19% reduction in federal aid to Illinois in the areas of health and welfare over the next seven years; (2) it will cause more fiscal stress on the states; (3) states will need either to supplement or terminate programs over the next several years; (4) states will have more flexibility in deciding who is eligible for programs and what services to provide; and (5) through "maintenance of effort" standards, states will still be required to commit the same amount of money they are currently spending on certain programs.

Medicaid and welfare reform may present the biggest challenges to Illinois. The legislation being considered by the U.S. Congress would allocate \$182 billion or 30% less to Medicaid than is currently envisioned over the next seven years. Illinois could respond in one of three ways to these proposals: increase the state share spent on Medicaid to make up for federal losses, allocate as much as

the state would have under current law, or match what the federal government will be spending with the "caps." The impact on Illinois depends on whether one is looking at the House or Senate versions of these proposals. Given the current fiscal situation, the most likely option is to match federal contributions.

Illinois will also be affected by the proposed "Temporary Assistance and Needy Families" block grant, which encompasses the current Aid to Families with Dependent Children (AFDC) program. Under the block grant proposal states will be required to have at least 10% of single parents in the workforce by 1996 and 50% by 2005; the federal contribution to the program will be capped and remain at the same level for five years; and aid will be terminated to families that have received benefits for 60 months. There is also the critical question of what will happen to the Food Stamp Program.

Both the Medicaid and AFDC proposals have implications for Illinois. Do our state agencies have the capacity to respond appropriately to the challenges presented by these changes? How will taxpayers respond to the options? How will the recipients of benefits respond? Can our not-for-profit organizations help fill the vacuum?

IGPA recognizes the importance of these questions and will try to contribute to the debate by proposing options as well as strategies that might be used to address them.

DICK ARNOULD (affiliate, economics, UIUC) has been named director of research in the College of Commerce and Administration; in this position he will be responsible for the Bureau of Economic and Business Research and all other research and learning centers of the college.

ANDREA BELLER's (affiliate, agricultural and consumer economics, UIUC) book entitled *Small Change: The Economics of Child Support* will be reissued in a paperbound edition by Yale Press in spring 1996. In September Prof. Beller participated in a conference at Princeton University on the effects of child support enforcement on non-resident fathers.

HARVEY CHOLDIN's (affiliate, sociology, UIUC) book, *Looking for the Last Percent: The Controversy Over Census Undercounts* (1994) was the subject of two sessions at recent professional meetings. The first, at which the director of the Bureau of the Census was a discussant, was the annual meeting of the Population Association of America. The second was the annual meeting of the American Statistical Association where the former director of the bureau was a participant. At the annual meeting of the American Sociological Association in August Prof. Choldin became chair of the section on community and urban sociology.

RICHARD DYE is continuing his work on tax caps; a research report on the subject came out in March, in May he presented a seminar on the topic to the Chicago Bar Association, and in September he spoke about the subject at the Illinois Municipal League's annual conference. Prof. Dye is also working with the Civic Federation as co-director of a study on tax increment financing in Illinois.

ROBERT FELNER recently received a new four-year commitment from the Carnegie Foundation to continue the evaluation and technical support

of their National Middle Grades State School Reform Initiative. Funding for the first year of the new grant period will be \$300,000; total funding through 1999 will be \$1.3 million. Prof. Felner has also received just over \$300,000 from the Lilly Foundation to continue and expand CPRD's research on school reform and restructuring in Indiana. CPRD has established "The Project on High Performance Learning Communities" to bring together the center's work on middle grades and high school reform and restructuring—all with funding from Kellogg, Carnegie, Lilly, and Annenberg.

FRED GIERTZ was appointed by Governor Edgar to the State Universities Retirement System (SURS) Board of Trustees in July. On September 14 Prof. Giertz gave a presentation in Chicago to the League of Women Voters and Progress Illinois on "Quantifying the Structural Deficit for the State of Illinois." In addition, his paper "Measuring the Performance of the Property Tax Assessment Process" (co-authored by IGPA research associate Shekhar Mehta) has been accepted for publication by the National Tax Journal.

SAMUEL K. GOVE is a member of the Task Force on Illinois Campaign Finance, created under the auspices of *Illinois Issues* at UIS. The 15-member task force, which is supported by a grant from the Joyce Foundation, is chaired by Senator Paul Simon. It plans to issue a report with recommendations by December 1996.

DORIS GRABER (affiliate, political science, UIC) was an AT&T Scholar in Residence at George Washington University where she delivered a series of lectures on global communication issues. She also lectured on international communication issues at Duke University and presented a paper on "Internet Trouble Spots" at the Midwest Political Science Association annual meeting. During the spring semester she will be the Laurence M. Lombard Visiting Professor on the Press, Politics and Public Policy at Harvard University's Kennedy School of Government.

EARL GRINOLS (affiliate, economics, UIUC) testified before the U.S. House Judiciary Committee on September 29 on the issue of gambling. In his recently completed study "Development or Dreamfield Delusions?: Assessing Gambling's Costs and Benefits" Prof. Grinols found that the benefits of expanded gambling are around \$110 annually per adult, but social costs are between \$110 and \$338. The study also showed that casino expansion has not generally contributed to overall employment in the areas where Illinois casinos are located.

JIM KUKLINSKI testified before the U.S. House Judiciary Committee on issues relating to affirmative action on October 25.

DAVID LINOWES (special advisor) was invited by the chairman of the House Budget Committee, John Kasich, to testify on March 1 on how to expedite the implementation of privatization efforts by the U.S. Congress. On September 30 he addressed the executive officers conference of the National Association of Boards of Pharmacy on "The Rationale of Privatization"; (see excerpt later in this newsletter).

THERESE MCGUIRE is on sabbatical leave for the fall semester at the Dept. of Economics at MIT. She began her sabbatical with a presentation in the MIT-Harvard Joint Public Economics Seminar on September 11; she spoke about Illinois' collar-county property tax cap, based on research conducted jointly with Dick Dye.

STUART NAGEL (affiliate, political science, UIUC) is working on three volumes for publication in 1995 and conducted a number of workshops dealing with win-win analysis applied to public policy problems in developing nations (including one in the United Arab Emirates).

JIM NOWLAN (Senior Fellow) received the 1995 Ben C. Hubbard Award for Distinguished Leadership and Service to Public Education in Illinois from the

Illinois State University College of Education at its annual graduation awards banquet in May. He has completed work on "Dreaming About Adequacy," an exploration of the linkages between school funding and educational achievement and has been asked to present the findings from this study to the "Ikenberry Commission" on education reform. In addition, Nowlan received a grant of \$21,500 for IGPA from the Chicago Tribune Foundation for a project entitled "From Courthouse to Statehouse: A Professional Education Program for New Illinois Journalists"; (see description later in this newsletter).

PAUL QUIRK has published "Domestic Policy: The Trials of a New Democrat" in a volume entitled *The Clinton Presidency: First Appraisals*, edited by Colin Campbell and Bert Rockman and published by Chatham House, as well as "Policymaking in the New Congress: Three Dimensions of Performance," which was included in the volume *The New Politics of Public Policy*, edited by Mark Landy and Martin Levin and published by Johns Hopkins. In August he presented a workshop on policy evaluation for a group of legislators from eleven midwestern states; the workshop was part of the Bowhay Institute for Legislative Leadership sponsored by the midwest branch of the Council of State Governments at the University of Wisconsin, Madison. Prof. Quirk is also serving on the program committee for the annual meeting of the Midwest Sociological Society, which will be held in Chicago in April 1996.

BOB RESEK spent the 1994-95 academic year in residence at UCLA where he participated in the Business Forecasting Project of the Anderson School of Management. In that role he worked with the faculty and staff in developing quarterly forecasts and in organizing the quarterly forecasting seminars. Since his return to Urbana-Champaign, he has presented a paper on "Restructuring Higher Education Finance: Is It Time For a

Change?" at a forum organized by the Taxpayers' Federation of Illinois, held in Springfield on May 23.

BOB RICH gave a presentation on the public policy implications of the Oklahoma City bombings at the annual meeting of the American Psychological Association in New York on August 4. He also made a presentation at the third annual meeting of the LINKS (Linking State Capitols to State Universities) Conference on June 30 in Denver. In 1997 IGPA and the Institute for Public Affairs at UIS will co-host this conference. In May Director Rich did a half-day training session for the city of Chicago Intergovernmental Executive Program on Strategic Planning.

BRIAN SALA and **SAMUEL K. GOVE** reviewed the three-volume *Encyclopedia of the American Legislative System* (Charles Scribner's, 1994) in the summer 1995 issue of *Perspectives on Political Science*.

TOM ULEN attended a conference in Leuven, Belgium, in June on the economics of environmental policy in a federation where he presented a paper entitled "The Economics of Cycles of Federalism." In August he attended the Comparative Law and Economics Forum at the New York University School of Law and gave a paper on "The Comparative Law and Economics of Federalism," and he is preparing a conference for April 5, 1996, in Chicago on "Tort Reform in Illinois: The First Year." Prof. Ulen and Susan Nixon are preparing an audio tape on this topic as background to the conference.

BART WECHSLER conducted organization and management development programs for the Illinois Dept. of Human Rights, Cook County Clerk's Office, Concerned Citizens of East St. Louis, and the Idaho Rural Development Council. He presented papers on "Facilitating Interorganizational Collaboration and Change: The Challenge of Building State Rural Development Councils," at the annual meeting of the Academy of Management, "Trends and Issues in Executive Development" and "Reinventing Government: Lessons

From a State Capital" at the Third National Public Management Research Conference.

WILL WHITE has received a grant for \$150,000 from the Agency for Health Care Policy and Research, U.S. Public Health Service, for a project entitled "The Impact of Managed Care on Physician Markets." In August he presented a paper on "The Effect of Managed Care on the Income of Primary Care and Specialty Physicians: A State Level Analysis" at the Third European Health Economics Conference in Stockholm, and in May he spoke on "Government Reimbursement Cutbacks: Who Bears the Burden?" to the Health Care Finance Administration, U.S. Dept. of Health and Human Services, Regional Office in Chicago.

PERSONNEL NEWS

Jean Baker, IGPA's long-time administrative secretary and the director's personal secretary retired from the university this summer after more than thirty-five years of service. Institute and university friends as well as members of her family honored Jean at a dinner held on August 25 at Jumer's Castle Lodge in Urbana. During the course of the evening she was presented with a computer, printer, and assorted PC accessories.

Gerald L. (Jerry) White joined IGPA in August as the institute's first full-time business manager. Mr. White has had over thirteen years of experience in the UIUC Office of Business Affairs as an accountant, payroll division head, and management methods analyst.

Carol J. Simon, a research economist at the Center for Health Policy Research at the American Medical Association in Chicago since 1993 and a visiting assistant professor of business economics in the University of Chicago Graduate School of Business from 1989 to 1993, joined IGPA in August with a joint appointment in the UIC School of Public Health.

Stanley O. Ikenberry, president of the University of Illinois from 1979 to 1995, joined IGPA this summer with the title of Regency Professor. President Ikenberry and his personal secretary, **Marcella Nance**, moved into their newly renovated offices in October. In spring 1995 Illinois Governor Jim Edgar appointed President Ikenberry chair of a statewide task force in education finance and asked the group to report its findings to him in spring 1996.

John Cribfield, who came to the university in 1989 and had a joint appointment in IGPA and the UIUC Dept. of Agricultural Economics, accepted a position with the Barents Group in Washington, D.C. starting in August 1995.

INSTITUTE ADVISORY COMMITTEE

For the 1995-96 academic year the IGPA advisory committee (elected by the faculty in May) comprises: Jonathan Crane, J. Fred Giertz, Cedric Herring, Tom Ulen, and Bart Wechsler. The meetings are chaired by Director Bob Rich and are attended by the two associate directors, Anna Merritt and Will White, as ex-officio members.

NATIONAL ADVISORY COMMITTEE

In addition to its elected advisory committee, the institute also has a National Advisory Committee comprising individuals chosen from various walks of life and from all over the country. Members serve three-year renewable terms. As of October the committee consisted of the following members:

Helen (Sunny) Ladd —Chairman,
Duke University
Thomas Campbell — California State
Senate

William H. Hudnut — The Civic
Federation, Chicago
Sally Jackson — Illinois State Chamber
of Commerce
Kathy Kustra — Deloitte & Touche,
Chicago
James D. Nowlan — Knox College
Wallace Oates — University of Maryland
Richard Phelan — Phelan Pope Cahill
& Devine, Chicago
Michael Preston — University of
Southern California
Frank Thompson — State University of
New York
Douglas Whitley — Ameritech Illinois

The committee held its annual meeting October 5-6 at the Whitehall Hotel in Chicago. The after-dinner presentation on the 5th was given by committee member and IGPA Senior Fellow Jim Nowlan; he spoke about the numerous challenges facing institutes like IGPA. A portion of the day-long meeting on the 6th was devoted to discussions among four groups consisting of faculty members and one or two committee members.

ETHICS IN GOVERNMENT PROGRAM

The Paul H. Douglas Ethics in Government program, which the institute administers for the university, presented the second Ethics in Government award to Archibald Cox on November 3 at a ceremony held in the Cornucopia Room of the UIC Chicago Circle Center. Speakers at the ceremony were Thomas Lamont, chairman of the University of Illinois Board of Trustees; Senator Paul Simon; and Bob Rich, director of IGPA. The award was presented by John Douglas, eldest son of the late senator. Professor Cox then gave a talk on "Ethics, Campaign Finance, and Democracy." Members of the selection committee were: the Hon. William Coleman, Jr., John Douglas, the Hon. Charles McC. Mathias, Robert Rich, Howard Shuman, Nancy Stevenson, and Roger Wilkins. Following the award ceremony, IGPA hosted a small dinner for Professor Cox at the Inn at University Village.

CONFERENCES AND SPECIAL EVENTS

On April 28 Professor Ted Marmor of Yale University addressed the issue of health policy research and policy making, and on May 5 then-UI President Stanley O. Ikenberry spoke about the issue of scholarly innovation at a major research university and how it can influence the policy-making arena. Both talks were part of a three-year series to celebrate the new IGPA-Urbana building, organized by Tom Ulen, on the relationship between policy research and policy making. Ikenberry's presentation was the final and summary talk in the series.

A major national conference on "Wheeling and Dealing: Electric Transmission in the 1990's" was held in Chicago on April 20-21. It was organized by George Gross in cooperation with the Center for Regulatory Studies in Bloomington, IL.

J. Fred Giertz and Samuel K. Gove organized a conference on "The Future of Casino Gambling in Illinois" to which legislators and agency representatives were invited; it was held on June 6 in the IGPA-Urbana conference room.

On October 20 the institute sponsored a conference on "Social Programs That Really Work." It was organized by IGPA Professor Jonathan Crane, with assistance from Anna Merritt, and was cosponsored by The Russell Sage Foundation, the Chicago Council on Urban Affairs, and the Chicago Urban League. Over 125 people spent the day at the UIC Chicago Illini Union hearing presentations by representatives of organizations and agencies working in one four areas: raising children's test scores, delinquency and drug abuse prevention, health programs for the poor, and work and training programs. The day ended with an address by special guest David T. Ellwood, former assistant secretary in the Dept. of Health and Human Services and professor of public policy at Harvard University. Papers based on the presentations will be edited by

Professor Crane and published by Russell Sage.

As in the past several years, IGPA once again hosted a group of executive interns in the Dunn Fellows program at a day-long seminar in the IGPA-Urbana conference room.

This year's seminar was held on November 16 and focused on "The Contract With America." The program began with a presentation by Robert Rich, who gave an overview of the contract and its implications for the states. Carol Simon followed with a look at health care and the contract. After lunch Tom Ulen presented some general observations on economics, law, and public policy. The afternoon discussion dealt with the state's finances and tax issues in the wake of the contract; it was lead by IGPA Senior Fellow Jim Nowlan and Fred Giertz.

POLICY FORUM

IGPA has been publishing Policy Forum since 1988. Each issue comprises a single four-page essay on an important public policy topic. Anna Merritt serves as managing editor for the series. Four essays appeared as Volume 8 during the 1994-95 academic year:

"Race and Educational Achievement," by Jonathan Crane

"The Committee for Educational Rights v. Edgar: Law or Politics in School Finance Reform," by James G. Ward, W. Bradley Colwell, and James L. Kestner

"Issues and Challenges in State and Local Finances," by Therese J. McGuire

"Strategic Planning and Government," by Barton J. Wechsler

WORKING PAPERS

In addition to Policy Forum, which is directed at the general public and is

widely circulated, IGPA also puts out occasional working papers that are written in an academic style and are produced in very limited quantities. Editor for this series is Jim Kuklinski. Quite a number of such papers were issued since the last newsletter:

#31 — The Politics of Affirmative Action, by James H. Kuklinski, Paul Sniderman, Kathleen Knight, Thomas Piazza, Philip E. Tetlock, Gordon R. Lawrence, and Barbara Mellers

#32 — Can Environmental Markets Succeed in Clearing the Air? Survey Evidence from Chicago, by Richard F. Kosobud and Jennifer M. Zimmerman

#33 — The Dynamics of Street Gang Growth and Police Response: A Formal Model with Implications for Policy, by Jonathan Crane and Nino Boccara

#34 — Optimal Resource Allocation Strategies for Reducing the Incidence of Contagious Social Problems, by Jonathan Crane

#35 — The Effects of Work and Training Programs in High Poverty Areas of the Inner City, by Jonathan Crane and Cedric Herring

#36 — A Theoretical Assessment of Tax Increment Financing Choices, by Richard F. Dye and Jeffrey O. Sundberg

#37 — Optimal Investment in a Tax Increment Financing District, by Kieran P. Donaghy, Andrea M. Kelly, and Gerrit J. Knaap

#38 — The Efficiency of the Collateral Source Rule: A Case Study of its Application in Torts Involving Uninsured Motorists, by Andrew L. Reisman and Thomas Ulen

#39 — Domestic Policy: The Trials of a Centrist Democrat, by Paul J. Quirk and Joseph Hinchliffe

#40 — The Shift to a Service-based Economy and the Consequences for Regional Growth, by Teresa Garcia-Milà and Therese McGuire

#41 — "The Effect of Managed Care on the Income of Primary Care and Specialty Physicians: A State Level Analysis," by Carol J. Simon, William D. White and David Dranove

#42 — "Careerism, Committee Assignments and the Electoral Connection," by Jonathan N. Katz and Brian R. Sala

#43 — "Rural Community Economic Development Programs: An Econometric Evaluation of an Illinois Program," by John B. Cribfield and Miguel I. Gomez

#44 — "Government Cutbacks in Hospital Reimbursement: Who Bears the Burden?," by David Dranove and William D. White

#45 — "The Economic Cycles of Federalism," by Thomas S. Ulen

#46 — "Optional Reinsurance as a Prospective Payment Option: An Application to Psychiatric Services," by Maqbool Dada and William D. White

IGPA AUDIOTAPES

Under the leadership of Susan Nixon, formerly with the University Office of Public Affairs, IGPA has embarked on a new initiative: a series of tapes to be called "Policy Soundings." Each tape will focus on a specific policy issue and will consist of a discussion between Ms. Nixon and IGPA faculty members, as well as outside experts. Two such tapes are now in production—one on tort reform in Illinois with Tom Ulen, the other on the structural deficit featuring Fred Giertz and Jim Nowlan. The tapes will be distributed to members of the Illinois General Assembly; certain elected and appointed officials in the state, Cook County, and the city of Chicago; and leaders of a select number of organizations. Tapes will also be available to the general public for \$15 apiece.

FROM COURTHOUSE TO STATEHOUSE

Jim Nowlan, the institute's senior fellow since 1994, has received a grant from the Chicago Tribune Foundation in partial support of a new program that will provide intensive education and training in state and local government and finance issues for young print and electronic reporters in Illinois. The program will recruit a class of up to 30 young working journalists to participate in four intensive workshops over a two-year period. Each day-long workshop will focus on one or possibly two topics. IGPA and other UI faculty as well as outside practitioners and experts will lead intensive, nuts-and-bolts sessions on the intricacies of such issues as school budgets, the property tax, the court system, or city government.

Where possible, workshops will be structured so that the journalist participants can develop news or feature stories from one or more elements of the workshop. For example, the featured guest at the luncheon roundtable might be a newsmaker on the topic of the day who could be interviewed.

The workshops will generally be held on Saturdays in the conference room of the IGPA-Urbana building. One or more workshops might be held "on location," e.g., in a suburban county courtroom or city council chamber.

Upon completion of the two-year series of workshops, participants will receive a "certificate of professional development" from IGPA.

CURRENT GAMING ISSUES IN ILLINOIS

by Samuel K. Gove

[Editor's note: The following excerpt is taken from the introduction and concluding pages of Professor Gove's paper, which was presented

at the Southwestern Political Science Association annual meeting held in Dallas in late March 1995.]

With the passage of the Riverboat Gambling Act in February 1990, Illinois joined several other states in permitting state regulated casino gambling. The impetus for the Illinois action was neighboring Iowa which beat Illinois in riverboat gambling by getting their first boat into the Mississippi River four months ahead of Illinois.

The Illinois story, which is still on-going, includes state politics, regionalism within the state, and interest groups, factors found in most public policy controversies in Illinois. The only missing component to now is a major scandal.

The Illinois Riverboat Gaming Council, a private interest group, says that in adding casino gambling Illinois is "a microcosm of this phenomena."

Riverboat gambling according to the 1990 law, "is intended to benefit the people of the state of Illinois by assisting economic development and providing Illinois tourism." There have been mixed reports on whether these goals have been met.

The first river boat was launched at Alton in September 1991. Others followed and by January 1995 there were twelve boats operating on Illinois rivers at ten locations. Under the law, none is operating in Cook County (Chicago) or on Lake Michigan. All boats, while gambling is occurring, must be underway, not docked, although there are exceptions for bad weather. There are no land casinos. Chicago casinos and docked gambling are two current gaming issues in Illinois. Gambling revenue in Illinois has also been affected negatively by new gambling outlets in neighboring Iowa. Shortly, Missouri and Indiana will have casino gambling and may provide more competition for Illinois.

Illinois has had a long history of state regulated gambling beginning with horse racing that goes back to 1927. The 1870 Illinois constitution prohibited "lotteries or gift enterprises," a provision

that was not included in the new 1970 Constitution. Reacting to this change, the legislature approved several legalized games including bingo in 1971, a lottery in 1975, charitable games (so-called Las Vegas nights) in 1986, and pull tab and jar games in 1988. Off track betting—local horse track betting parlors—was approved in 1987. Other proposed betting outlets such as jai alai and dog tracks had been defeated by the legislature in earlier years.

The arrival of riverboat gambling has adversely affected some of the other gambling outlets, especially horse racing. One race track has been closed, and another major track has threatened to close. Lottery sales have leveled off, and the revenue from the lottery that goes into the state treasury actually dropped in 1993 and 1994.

Given the many types of gambling, fiscal analysts are raising questions on the future for gambling in Illinois. As a recent report from the Illinois Economic and Fiscal Commission stated: "It cannot be previously determined how much longer the state has before it reaches its saturation level."

The Politics of Casino Gambling

Politics is the name of the game in Illinois policy making. Riverboat gambling policy making is no exception, although partisan politics has not been a significant factor in decisions to now. A Democratic legislator was the principal proponent of casino legislation, and the effort was supported by a Republican Governor, Jim Thompson. Thompson's Republican successor, Jim Edgar, was not as supportive. He has been against both land casinos and docked riverboat gambling. In Edgar's successful reelection campaign in 1994 he said: "I oppose the expansion of legalized gambling in Illinois—with one exception, Cook County and areas along Lake Michigan were excluded when riverboat gambling was legalized. As a matter of equity, I would sign legislation to afford those areas the same opportunity that other

regions of the state have enjoyed." He added that he was against expanding the forms of gambling other than those that already existed.

Campaign contributions for political campaigns for governors and legislative seats are accepted as part of the political process in Illinois and elsewhere. It is not surprising that the gaming industry has seen generous contributors. The citizen's reform organization, Common Cause, reported that riverboat and racing interests "lavished" \$674,000 on campaigns for the sitting governor (\$173,000) and legislative leaders (ranging from \$118,000 for the House minority, a Republican to \$32,700 for the Senator minority leader, a Democrat. (The source for Common Cause was a Sun Times story that did not break out the contributions of riverboat from racing interests.)

The voters throughout the state have expressed their views on riverboat gaming issues several times. Non-binding advisory referenda on gambling issues have been on the ballot in many jurisdictions. One issue was the citizens right to vote before casino gambling was permitted in an area. In the November 1994 election, six communities voted on this question, and all passed. Three communities voted on the question of actually allowing casino gambling; all failed. Earlier this question was on the ballot in nine communities and passed in three—Elgin (Kane County) 1993, West Dundee (Kane County) 1993, and Blue Island (Cook County) March 1994. The big defeat mentioned earlier was in Chicago in 1986, before the Riverboat Casino Gambling Act was passed. It should be pointed out that although these referenda were advisory, they do indicate some measure of public opinion at the time of the vote.

It is difficult to come to any firm conclusions about riverboat gambling in this state at this time except to say that it seems to have been accepted. It may well be

economic rather than political considerations that change this.

There are many unresolved issues, most notably gambling in Chicago, the riverboat/horse racing conflict, and docked gambling.

The economic impact of riverboat gambling—the stated purpose for the activity—is also still not clear. It is probably simply too early in the life of the riverboat gaming industry to come to clear conclusions.

THE RATIONALE FOR PRIVATIZATION

by David F. Linowes

[Editor's note: The following is an excerpt from a talk presented before the Executive Officers Conference of the National Association of Boards of Pharmacy on September 30, 1995, in Washington, D.C.]

Privatization, the transfer of government assets and/or operations to private business interests, is a recognition that government in any guise cannot be all things to all people. In many nations, it is a reaction against the socialist and Marxist vision that had exerted so much influence in the 20th century. In our own nation it is a reaction against the fact that much of government has become entangled in its own power, stifling creativity and productivity.

Because for decades the issue had become bogged down in ideological debate, President Reagan established the Commission on Privatization to help resolve the question of the proper division of responsibility between business and government. That 12 member body was made up of Republicans, Democrats, and Independents. It included Melvin Laird, Secretary of Defense under President Nixon; James McIntyre, director of OMB under President Carter; Walter Wriston, former CEO of Citibank; Walter Bish, president of a steel-workers union; Garry Carruthers, the governor of New Mexico; and scholars from the Hoover Institution and Yale Law School, among

others. The president asked me to serve as chairman of that commission. Six months later I presented our report and recommendations to the president and Congress.

In America too many government agencies are trying to solve today's social and fiscal problems with outmoded structural designs and solutions. We must break away from archaic concepts and apply constructive alternatives, if we are to respond to the poor who need housing; to public school students who need better education; to prisoners who require rehabilitation; to travelers who expect efficient and safe air traffic control; and to taxpayers who demand and deserve fair value for government's bulging expenditures.

The most effective alternatives to accomplish the results we seek are embodied in the three dimensions of "privatization."

First, government should reach out by opening its operations to bring in creative talents from the private sector. Today, only those who work for government are allowed to help solve the needs in medical care, education, poverty, and budgetary deficits. One-fourth of the government work force performs functions that compete with, and are similar to, work performed by private business. Cutting back this slice of the public bloat would help concentrate government on governance, where it properly belongs.

A second dimension of privatization is that consumers who require government service should be given a choice, and not be captive to a particular agency—the public school, medical clinic, or housing project—to which they happen to be assigned. Choice injects an environment of competition—the powerful force of the market place—in the delivery of social services.

A third dimension of privatization: our government should not be a \$200 billion money lender. Government has set up large bureaucratic agencies to make direct loans to homeowners,

farmers, students, business persons. These same types of loans can be handled by banks which could be contracted with to charge the same low costs to the borrowers, the government paying the difference between the charge and the market price. We have a well-developed banking industry that can and should take over this function and administer it.

In addition to these 3 dimensions of privatization—contracting out; giving people choice; keeping government out of business—a caveat is necessary. Government must always be responsible for making policy and monitoring standards for anything that affects the public welfare, even when the operations of those functions are turned over to the private sector. Thus, if air traffic control were to be contracted out to private business, the Federal Aviation Administration would always have to be there to continue setting policies and monitoring performance.

A business enterprise in a free market environment produces goods and services in superior quality and quantity to that of a government agency for several reasons.

1. Government ownership or control involves political influence on the goods and services produced; on the investments in facilities; on the personnel policies. When such decisions are based on political expediency rather than objective facts, the results can be and too often are destructive.

2. A government operation is usually protected by a complete or partial monopoly, and thus misses the drive that competition stimulates. A private firm has to keep its costs down and its output attractive, or it loses its market. This is not true in a government monopoly. Also, competition gives the consumer a choice, increasing his options and increasing consumption.

3. In government operations consumers' interests are subordinated to the interests of the owner, that is the government agency. In business operations, customers' interests are paramount or the customers leave. Quality and price are key concerns for the private operator.

4. A government agency does not have the drive to keep abreast of the latest technology, to find the latest cost saving developments, or to innovate. Government operations generally do

not feel the pressure to do so, nor do they have the funds with which to experiment and research.

It is ironic that government ownership and operation was conceived as a way to give the people better goods and services at lower prices. The argument was that without the cost of profits, competition, and advertising government could out-perform the private sector. The fact has been the reverse. Without the competitive stimuli and commercial pressures, government-operated facilities have been less effective as well as more expensive.

In considering change, I am aware that the American people do not embrace initiatives that depart too widely from their traditional experiences. Therefore, transfers to the private sector should be undertaken in incremental steps.

The responsibility of government is governance, looking after the welfare of a people; the responsibility of business is the production of goods and services. This is the heart of the economic and political strength of our nation.

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DIRECTOR'S STATEMENT

by Robert F. Rich

During this important election year issues of governance as well as ethics need to be examined carefully and thoroughly.

We take longer to elect a chief executive than any other country in the world. Is the public well served by an election process that lasts for the better part of eighteen months and that costs billions of dollars? Are the most experienced and best qualified candidates encouraged to stand for election? What about the primary system which begins in February and ends in June? Perhaps the election process should be compressed into a period between early September and the first Tuesday after the first Monday in November. This "reform" might succeed in focusing and maintaining the public's attention on the election.

A shorter election process might even increase voter registration and turn-out. We might also adopt the practice of many other democracies of holding elections on Sundays and of allowing our driver's license or official identification card to serve as proof of eligibility to vote. We might surprise ourselves by witnessing a turn-out of close to 70-80%.

It may be also be time to reexamine the McGovern reforms implemented in the early 1970s. Are there negative consequences to committing delegates in February or March for a vote they will not actually cast until July or August? In our desire to

make the process of nominating officials more "inclusive" and "democratic," have we driven away some of the best talent?

We also need to squarely address the question of campaign financing. Almost any public official at the national level reports that he/she spends a great deal of time raising funds. This is time that cannot be spent on addressing the complex problems facing the citizenry.

But, the structure and rules for electing public officials and genuine efforts to increase participation by more citizens does not begin to address another fundamental problem: the ethical dimension. Why do the presidential debates and media coverage focus so little on the substantive issues facing the United States? Winning or losing one of these debates may depend on a single mistake or wrong phrase or word, and not on the ideas being advanced. This results from the tendency of reporters to try to "trick" or "rattle" the candidate: Can we get him to say something he really doesn't mean?

Why is the short sound-bite the preferred form of communication? Why do the "spin-doctors" worry about how the candidate looks and whether he/she appeals to the public? Why are the personal lives of our elected officials and their family given so much attention by the media?

These concerns should lead us to a critical examination of the responsibilities of the media in influencing public

opinion. Reporters, publishers, and producers should accept some responsibility for encouraging public debate of the key issues facing the electorate in any given election. They should be holding candidates accountable for what they say—the content, and not just the image that is projected.

Sound-bites are simply not sufficient for communicating what is at stake in addressing some of the fundamental issues facing this country: whether to end entitlements, give more discretionary authority to the states and localities, decrease the amount of money the federal government is spending on Medicare, Medicaid, and food stamps, and how important it actually is to balance the federal budget in the next seven years.

Finally, the experience of other countries in organizing the chief executive function may be instructive for the United States. Many parliamentary democracies have both a ceremonial head of state and an individual responsible for day-to-day decision-making. Is the job of president of the United States too much for a single individual?

When the president takes the oath of office in January 1997, I hope that some of the issues related to the election, citizen participation, and the role of the media will have been widely discussed and debated. Through research and outreach activities, IGPA should contribute to the discussion of these issues.

FACULTY ACTIVITIES

JAN BRUECKNER presented papers last fall at Purdue University and at the Universities of Waterloo and Guelph, both in Canada. He also presented a paper at the Allied Science Association meetings, held in San Francisco. Professor Brueckner spent the month of August 1995 at the City University of Hong Kong.

FRED GIERTZ, THERESE MCGUIRE and JIM NOWLAN wrote a report for the March 4 issue of *State Tax Notes* entitled "The Illinois Structural Budget Dilemma: The Gap Between Expectations and Revenue Realities."

Giertz's essay on "The Illinois Fiscal Outlook" appeared in the winter 1995 issue of *Illinois Business Review*. Professor Giertz also wrote a paper on "Regional Income Trends and Convergence" for a Federal Reserve Bank of Chicago conference that dealt with "The Midwest Economy: Structure and Performance" held on February 13. In addition, he spoke on the "Budgeting Process: What to Expect if Illinois Adopts Statewide Tax Caps" at the annual conference of the United Counties Council of Illinois held in Springfield on February 26-27.

SAMUEL K. GOVE has been appointed to another three-year term on the board of *Illinois Issues*; Professor Gove was instrumental in establishing the magazine in 1975.

CEDRIC HERRING was cited in the November 1995 issue of *Chicago* magazine for his participation on a four-person team that prepared a special report on Chicago's black middle class, which appeared as the cover story that month.

JIM KUKLINSKI has appeared on several syndicated talk shows to discuss racial prejudice and attitudes toward affirmative action; interest in his views on these issues stems in part from recent research and publi-

cations on affirmative action and his testimony last October before the Subcommittee on the Constitution of the House Judiciary Committee. An op-ed piece by Prof. Kuklinski on "Affirmative action programs drawing fire" appeared in the *Plano Star Courier* on December 3, 1995.

JOHN McDONALD (affiliate, economics, UIUC) has written a textbook, *Fundamentals of Urban Economics*, which will be published in June by Prentice Hall.

STUART NAGEL (affiliate, political science, UIUC) has established the *Policy Evaluation Newsletter-Journal* and the *Developmental Policy Studies Newsletter-Journal*, which will be semi-annual publications of the Miriam K. Mills Research Center for Super-Optimizing Analysis and Developing Nations.

JIM NOWLAN (senior fellow) is organizing the new IGPA program for young journalists, the "Illinois Journalism Fellows in State & Local Government." The first group of fellows will start the year-long series of workshops in late September. Nowlan also continues to appear regularly on the Op-Ed page of *Crain's Chicago Business*.

MILDRED SCHWARTZ (affiliate, sociology, UIUC) recently returned to Chicago after spending the calendar year at NSF as a program director in sociology in the Social, Behavioral, and Economic Sciences Division. She has also been awarded a Canadian Studies Senior Fellowship from the Canadian Embassy to produce a manuscript on party movements in western Canada and the United States.

JIM WARD has received funding from the W. K. Kellogg Foundation for his project on "Youth Education for Democratic Leadership in Rural Communities"; excerpts from the proposal appear later in this newsletter. He is also working with the Illinois State Board of Education and the Large Unit District Association of Illinois to develop a CD-ROM-based policy research data base for use by school administrators and education policymakers.

PERSONNEL NEWS

Jean Benefield joined the IGPA support staff on February 26; she will serve primarily as the director's secretary, but will also assist the business manager and be available for general secretarial assistance to institute faculty and staff. Jean has been with the university since 1982, most recently in the Office of Instructional Resources. With her appointment, the Urbana office now has a complete support staff, consisting of three secretaries and a business manager.

POLICY SOUNDINGS

The institute has begun a program of audiotapes to be known as *IGPA Policy Soundings*. Each tape will present background information on a current issue of public concern and will offer policy options for consideration. Susan Nixon is producing the series and moderates the discussion on each tape.

The first tape in the series addresses the issue of Illinois' structural deficit and features IGPA Professor J. Fred Giertz and Senior Fellow James D. Nowlan. They examine growth rates for various revenue sources and expenditures, and present alternatives for eliminating the deficit.

The second tape, "Tort Reform: A Cautionary Tale," provides the listener with a general understanding of the tort liability system and focuses especially on the area of medical malpractice. It features IGPA Professor Tom Ulen and David Decker, a Waukegan lawyer and former president of the Illinois Bar Association.

Tapes may be purchased from the institute's Urbana office for \$15.00 per tape (checks should be made out to The University of Illinois; see order form at end of this newsletter).

OFFICE OF PUBLIC MANAGEMENT

IGPA's Office of Public Management, under the direction of Prof. Bart Wechsler, provides executive-level training, organizational consulting, and technical assistance to state and local government. Clients have included the Illinois Commerce Commission, Office of the Auditor General, Illinois Department of Human Rights, Office of the President of the Cook County Board, Chicago Police Department, and Office of the Cook County Clerk.

The Office of Public Management has recently begun a long-term relationship with the Illinois Department of Alcoholism and Substance Abuse (DASA). The multi-year project focuses on identifying areas of internal operation that need improvement and developing strategies for making necessary changes. IGPA administered a survey to all of DASA's employees and presented the results in a series of meetings in Chicago and Springfield, conducted a management retreat, and provided support to work groups that are addressing critical organizational issues. On-going management consulting provides faculty expertise to the department's senior staff. A second employee survey will be administered next year to measure progress on key issues.

In another long-term project, IGPA, the Institute for Public Affairs at UIS, and the College of Urban Planning and Public Affairs at UIC have organized forums of state training directors to address the state's human resource development needs. Two meetings have already been held and more are scheduled for 1996.

OP-EDS IN TRIBUNE

During the past several years institute faculty members have published a number of Op-Ed pieces in the

Chicago Tribune. Two such items appeared in December:

"The wage squeeze: Are professionals next?" by Will White (12/14/95)

"Yes, money makes a difference," by Jim Nowlan (12/22/95)

POLICY FORUM

IGPA has been publishing *Policy Forum* since 1988. Each issue comprises a single four-page essay on an important public policy topic. Anna Merritt serves as managing editor for the series. So far four issues have appeared (or are in press) during this academic year:

"The Balanced Budget Amendment: An Analysis," by Fred Giertz

"Affirmative Action: Does It Matter How the Question Is Asked?" by Jim Kuklinski

"Impact Fees: A New Method of Financing Urban Infrastructure," by Jan Brueckner

"The Changing Nature of Health Care Markets," by Will White

WORKING PAPERS

In addition to *Policy Forum*, which is directed at the general public and is widely circulated, IGPA also puts out occasional working papers that are written in an academic style and are produced in very limited quantities. Editor for this series is Jim Kuklinski. Since our last newsletter two working papers have been issued:

#47 -- Changing Minds: Political Arguments and Political Persuasion, by Michael D. Cobb and James H. Kuklinski

#48 -- Organizational Commitment Antecedents and Outcomes in Public Organizations, by Danny L. Balfour and Barton Wechsler

CONFERENCES -- PAST

On January 18, 125 health care administrators, providers, and managed care plan representatives convened in Urbana for a one-day conference on "Addressing the Health Care Needs of Rural Illinois Communities: Understanding How Managed Care Systems Can Work for You." The two primary goals of the conference were to (1) discuss how various managed care systems address the health care needs of rural communities in downstate Illinois; and (2) increase local leaders' understanding of how managed care organizations can be developed and financed in rural communities. Specific topics included:

- *Public Health Perspectives on Managed Care*
- *The Organization & Financing of Managed Care in a Changing Health Care Environment*
- *Private and Public Sector Managed Care Systems*
- *The Ethics of Managed Care*
- *Financing Strategies and Models of Managed Care in Rural Areas*
- *Government and Managed Care: Developing Policies That Work*

CONFERENCES -- FUTURE

IGPA hosted a meeting of approximately thirty-five representatives from the three University of Illinois campuses on March 20 for a discussion about "Serving State Government in Illinois." The meeting, which ran from 10:00 a.m. to 3:00 p.m., was held at the university's Allerton Conference Center in Monticello.

The annual Wheeling and Dealing conference will be held in Chicago at the Inn at University Village on April 24-26. This national conference, which is concerned with regulatory issues in the electricity industry, has been organized

by George Gross in cooperation with IGPA staff and the staff of the Center for Regulatory Studies at ISU in Bloomington, IL.

"The '96 Presidential Election" will be the focus of the education component of the Paul H. Douglas Ethics in Government program this year. A morning meeting is scheduled for April 25 in the IGPA-Urbana conference room, to be followed by lunch for invited guests. Speakers will include Shanto Iyengar (a professor in political science and communications at UCLA, who recently published a book on negative advertising), Clarence Page (columnist for the *Chicago Tribune*), and Samuel Popkin (a professor of political science at UC San Diego and a nationally recognized expert on surveys and how they are used).

On April 26 Jan Brueckner will host a meeting on impact fees for approximately thirty invited guests at the Oak Brook Marriott Hotel. Prof. Brueckner's *Policy Forum* on this subject will be used as background material for the meeting.

A group of faculty members from all three University of Illinois campuses is organizing a conference on "The New Federalism and the Emerging Role of the States" to be held September 19-20 in Chicago at the Inn at University Village. The first day will feature a keynote speaker and two sessions, one of which will focus on the political, economic, and legal forces affecting federalism, while the other will concentrate on the impact on local governments. The second day will deal with four specific policy areas in two concurrent sessions: Welfare, Environmental Policy, Criminal Justice, and Health Care.

IGPA IN THE NEWS

The *Chicago Tribune* carried an article on February 28 about The IGPA Poll, with the headline "Welfare critics aren't informed, study says."

Cook County Clerk David Orr mentioned the institute's work on the state's structural deficit in an Op-Ed piece entitled "Overstating the state of the state" that appeared on February 11 in the *Chicago Tribune*.

On October 8, 1995, the *Peoria Journal Star* carried an editorial entitled "Suburban revolutionaries: Well-off, white and surprisingly ignorant, should they be trusted to distribute the shrinking pie?" It was based on discussions at an IGPA Lawmakers' Roundtable on the "Contract for America" that was held in Urbana on September 15 and included various legislators, several academics, a few social workers as well as a number of editorial writers.

... AND IN PRINT

The Intergovernmental Cooperation Handbook, published in November 1995 as Research Memorandum No. 94 by the Illinois Commission on Intergovernmental Cooperation, cites "a joint effort between a group of local governments and the Institute of Government and Public Affairs at the University of Illinois [that] has inventoried intergovernmental agreements in the area and published the results."

ENVIRONMENTAL SEMINARS

John Braden (IGPA affiliate, Water Resources, UIUC) has once again organized a seminar series on environmental issues; the meetings are held on Thursdays at noon in Room 207 of the Environmental and Agricultural Sciences Building on the UIUC campus. Speakers in the series after spring break include David Evans (Agricultural, Consumer and Environmental Sciences, UIUC), Sudip Chattopadhyay (Economics, UIUC), Rick Hirschi (ACES, UIUC), Sandra Baties (MSU), Robert Stavins (Harvard), and Jenny Hou (Geography, UIUC).

IGPA BLOCK GRANT PROJECT by J. Fred Giertz

The United States is embarking on a far-reaching experiment in realigning a number of services traditionally financed at the national level to state and local governments and possibly, by default, to the private sector. These changes are caused by the desire to balance the federal budget through reducing the rate of growth of federal expenditures and by efforts to increase governmental efficiency and control by reducing federal mandates and regulations.

The process of realignment of government activities will have far reaching impacts that will be felt over many years and presents the Institute of Government and Public Affairs with an ideal opportunity for analysis and research. The block grant project will provide a detailed study of the move to block grants in the state of Illinois. This work may be coordinated with other research organizations around the country, to develop a comprehensive view of the impact of the upcoming changes on the nation as a whole.

Substantive Concentrations

In the early stages, the analysis will concentrate on design and implementation of the various block grant programs, including forecasts of likely impacts of the changes as well as advice on appropriate responses for state and local governments. As the block grant changes are implemented, the emphasis should shift to analysis of the actual impacts of the restructuring.

A comprehensive study should focus on a number of different impacts including: (1) overall changes in taxes and spending by state and local governments including federal aid and own source resources; (2) changes in the mix of expenditures among programs and revenues among various sources; (3) political changes induced by the realignment of responsibilities; (4) changes in the structure of state and local services resulting from

greater discretion, but reduced real resources; (5) private sector responses to the changes; and (6) the effects on tax burdens and service receipt by citizens at various income levels.

The study might target a number of specific programs (or their successors) for detailed analysis such as Medicaid, AFDC, and food stamps.

YOUTH EDUCATION FOR DEMOCRATIC LEADERSHIP IN RURAL COMMUNITIES

by James G. Ward

[Editor's note: The following excerpt is from a grant proposal submitted to the W. K. Kellogg Foundation in December 1995; Professor Ward was informed in early February that the proposal had been approved for funding.]

The assertions that rural communities are more democratic than urban or suburban communities and that rural communities provide greater opportunities for youth to have experiences in democratic leadership seem to be articles of faith in American culture. However, we know that these beliefs are not necessarily true. Some recent research studies have challenged this view. Often rural youth are not prepared to assume the duties and responsibilities of citizenship and to exert democratic leadership in rural communities. This results in a deficiency in social capital in rural communities and may impede both community development and economic development. In this project, I propose to (1) determine what we know about the preparation of rural youth for citizenship and democratic leadership, (2) to develop a model for preparation for citizenship and democratic leadership for rural youth, and (3) to develop a policy research agenda on preparation for citizenship and democratic leadership for rural youth.

The purpose of this project is to provide a knowledge base from which to improve preparation for citizenship and democratic leadership for rural youth as a means to enhance rural community development. The project will pursue the following goals:

- **Goal 1 — Determine what we know about the preparation of rural youth for citizenship and democratic leadership and to gain a better understanding of the issue.**
- **Goal 2 — Develop a model for preparation for citizenship and democratic leadership for rural youth.**
- **Goal 3 — Develop a policy research agenda on the preparation for citizenship and democratic leadership for rural youth.**

The case study itself will be conducted in Effingham, Illinois, a rural regional center in the east central part of the state at the intersection of I-70 and I-57, with a 1990 population of 11,851. Effingham has a particularly well developed volunteer sector and the local chamber of commerce is involved in leadership development activities. The Senior Research Associate is currently involved in community development studies in Effingham and has open access to a wide variety of community leaders.

The theme of this project is how rural communities develop their own youth and how those services may be improved to meet not only the needs of the youth themselves, but also to meet the needs of the community for its own development. The emphasis is on a holistic approach to youth development and inter-institutional collaboration and coordination for leadership development among youth. How can we provide authentic experiences for youth to develop the knowledge, skills, and dis-

positions to operate in an adult world? How can we concentrate on the development of youth so that they become a real resource in community development? How can we encourage and develop maximum citizen participation in youth development and community development?

Youth Education

Youth development exists in many forms. To be sure, the public school is a major institutional factor in youth development. Public schools are a common experience for all youth between the ages of roughly five to eighteen and the core function of the public school is the academic development of its clientele. Among governmental agencies, community colleges play an important role in youth development for somewhat older youth. In many rural communities, the community college is the only direct link to post-secondary education.

The national trend of transferring vocational and technical education from the high school to the community college increases the community college's role in youth development for occupational and career development. At the same time, many community colleges are highly sensitive and responsive to community needs and develop programs to meet those needs.

Many quasi-governmental and non-governmental agencies and institutions have an important role in youth development in rural communities. Youth-oriented programs like 4-H, the Boy Scouts, the Girl Scouts, Future Farmers of America, and church youth groups play a critical role in leadership development and skill acquisition for rural youth. In larger rural communities, park districts may also play an important role in youth education. However, these programs are generally not well connected to one another and they have an ill-defined relationship to public agencies like the public schools and the community colleges.

Community Development

Communities are like living organisms in that they must continue to grow or they die. This fact has become painfully obvious in American rural communities over the past five decades. For rural communities, economic growth and development are critical for survival. Rural communities that lose their economic viability shrink and eventually disappear. However, community development is more than just economic growth and development. Maintenance of a viable social infrastructure is also important. Community social institutions must remain strong to provide an attractive setting for residential development and quality of life.

The plight of rural hospitals in many communities are but one example of the evolution of rural communities in recent years which has had an impact on the social environment. Political participation in rural governmental institutions remains a problem in many rural communities as many people shirk from active citizen participation. Rural lore suggests that rural communities are more democratic than larger communities in metropolitan areas, but some empirical research serves to dispute that myth. Community development, as discussed in this paper, involves at least economic development, social development, and political development.

Changes in Rural Communities

We know that there have been significant changes in rural communities over the past few decades. For example, in the rural Midwest we know that many rural communities have lost economic viability, which in turn has resulted in the deterioration of rural social institutions and has been accompanied by a loss in population, particularly among those under 55 years of age. We also know that the shift since the Second World War from an industrial economy based on

the nation-state to a global, information-based, knowledge economy has significantly changed the requirements of the educational system and has increased the economic value of a high quality education. This refocus has left many rural schools and rural communities out of the mainstream of American life. If rural communities are to remain viable, they must have citizens who understand the full meaning of community, who are prepared to assume the role of citizens in a community, and who are educated for democratic leadership.

THE IGPA POLL

Jim Kuklinski, Paul Quirk, and Bob Rich recently completed the first IGPA statewide survey. They are currently analyzing the data. Unlike traditional surveys, the IGPA survey includes a number of experiments that will allow the researchers not only to indicate what people's preferences are, but how they reached them.

Half-hour-long telephone interviews were conducted with a representative sample of over 1100 Illinois citizens from late November through early February. The interviewing was done by the Survey Research Center at the University of Illinois at Springfield.

Among the questions for which Kuklinski, Quirk, and Rich are seeking answers are the following:

- How widespread is racial prejudice among white citizens in the state of Illinois, and to what extent does prejudice alone explain current anger toward affirmative action?
- With respect to health and welfare, how misinformed are people and how does that misinformation affect their judgments about policy?
- Do people react differently to Medicaid and Medicare, despite the many similarities in the programs? That is, does the target—the poor

versus the elderly—affect the judgments that people make?

- Does requesting people to think seriously or put themselves in the position of a responsible elected official lead them to evaluate policies differently than they otherwise would?

Some very preliminary results on the portions of the poll dealing with welfare and with healthcare are presented in the following paragraphs.

Illinois Citizens are Poorly Informed About Welfare

The political battle over welfare reform may be decided in the court of public opinion. A new survey of Illinois citizens suggests, however, that the public may make this judgment on the basis of distorted views of the welfare system. Illinois voters hold highly inaccurate beliefs about welfare. Furthermore, these erroneous beliefs appear to influence the voters' attitudes on major issues concerning welfare.

The research suggests that providing voters with more information could change the direction of public policy in certain areas. However, it also points out severe limitations on the ability of the news media to provide that information.

Some of the study's findings result from experiments built into the survey. Different groups of respondents, selected randomly, were given different instructions, information, or versions of questions. By comparing the responses of these groups, the researchers can probe into influences on opinion more deeply than is possible in conventional polls.

Interviewers asked one group of Illinois residents a series of factual multiple-choice questions about welfare such as, "What percent of the adult population is on welfare?" "What percent of the federal budget goes to welfare?" And, "What is the typical welfare payment for a mother with two children?"

The results show that a majority of Illinois residents hold inaccurate and biased beliefs about these matters.

For example, about 7 percent of the adult population is on welfare. However, some 63 percent of Illinois citizens overestimate that amount. Indeed, 13 percent believe that one quarter of the total adult population is on welfare. In contrast, fewer than 10 percent underestimate the percent on welfare. Twenty-six percent answered the question correctly.

The average annual welfare payment for a mother with two children in the U.S. is about \$6,000. However, almost three-fifths (58%) of the Illinois public say it is more, with about 11 percent believing the average payment is \$18,000. And again only 10 percent underestimate it.

Welfare currently makes up about 1 percent of the federal budget. But nearly nine out of ten Illinois citizens (85%) overestimate this percentage, and often wildly. Some 38 percent say that 11 to 15 percent of the national budget goes to welfare—more than ten times the actual figure.

Respondents who made the most, and largest errors in an anti-welfare direction were the strongest supporters of welfare cuts and a two-year limit on welfare payments. Only 13 percent of those with the least anti-welfare bias in their factual opinions

strongly supported stopping payments after two years. But 22 percent of those with the most biased factual opinions strongly supported it.

Additional evidence was found in comparisons among experimental groups. A second randomly selected group was simply told the correct answers to the same questions, and a third group was neither asked nor told about facts at all. All three groups then answered the same series of questions about welfare policy. Those who had first received the correct facts expressed the least support for cutting welfare and for stopping welfare payments to mothers after two years. The group to whom the facts had not been mentioned at all expressed somewhat more support for these measures. Finally, the group who had given their own opinions about the facts were most inclined to cut welfare and to stop payments.

People who were given relevant facts before being asked about their preferences were more opposed to cutting back welfare and to stopping payments after two years than people in the other groups.

Illinois Citizens Waffle on Health Cuts

Public opinion is divided and inconsistent on Republican congressional efforts to reduce spending in the Medicare and Medicaid programs. Most people say that they oppose cutting these pro-

grams. Yet when asked about specific measures to reduce Medicare and Medicaid costs, the same people often support them. People also expressed less opposition to cutting Medicaid, which benefits low-income people, than to cutting Medicare, which targets the elderly.

Illinois citizens say they oppose cutting Medicare or Medicaid spending to help balance the federal budget, but they endorse some of the main proposals to reduce the costs of these programs. It appears that people have an image of these cuts that is less appealing to them than the specific measures actually proposed.

Nearly three-fourths of the respondents were against cutting Medicare spending to balance the budget. Sixty-two percent were opposed to spending reductions for Medicaid.

When asked about specific cost cutting measures, however, majorities or near-majorities favored some of the main proposed reductions. Even though only 20 percent favored reducing health care services for the elderly, nearly half supported requiring Medicare recipients to join prepaid health plans, and 75 percent said that Medicare recipients with higher incomes should receive fewer benefits. Only 25 percent of the respondents supported reducing health care services for Medicaid recipients, but a clear majority favored requiring Medicaid beneficia-

Please send me the following *Policy Soundings* audiotapes:

No. 1 "Illinois' Structural Deficit,"
with Jim Nowlan and Fred Giertz Quantity _____ @ \$15 = \$ _____

No. 2 "Tort Reform: A Cautionary Tale,"
with Tom Ulen and David Decker Quantity _____ @ \$15 = \$ _____

Grand total \$ _____

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and sent to:

Anna Merritt
IGPA
1007 W. Nevada
Urbana, IL 61801

ries to join prepaid plans. The health program for the poor is more vulnerable politically than the one for the elderly.

Not surprisingly, Democrats and Republicans expressed different views on these issues. A majority of Democrats opposed cuts in spending for either Medicare or Medicaid, but a plurality of Republicans favored cutting Medicaid spending.

Additional findings from the survey include the following:

Preferences for the State Government over the Federal Government. A clear majority of Illinois citizens believe that the Illinois state government is better equipped than the federal government to deal with salient issues such as health care, welfare, economic growth, and crime. Only 18 percent preferred

the federal government to handle the problems of crime, and around just 25 percent thought the federal government would better handle the issues of job growth and welfare. The survey revealed clear differences among Democrats and Republicans in their thinking about the role of state and federal governments. Although most Democrats believed that the state of Illinois is more competent to handle these concerns, they were significantly more inclined than Republicans were to think that the federal government could effectively deal with these issues.

Balanced Budget Debate. Although a majority of Illinois residents reported paying attention to the budget debate, and a majority of those with an opinion expected a good budget to be the result of the debate, fully two-thirds of them thought that the showdown reflected political games rather than an honest attempt to resolve important issues.

Even so, more respondents endorsed the President's position than Congress's, and more thought that he was trying harder to reach agreement. The President's views were supported by 33 percent, Congress' views by 20 percent, and both positions were equally preferred by 33 percent. Differences in support are not entirely the result of differences among Democrats and Republicans. While Democrats overwhelmingly supported the President's views, and Republicans wholeheartedly supported those of Congress, the balance in opinion favored the President because a greater number of Independents sided with the President.

The findings on Medicare and Medicaid taken together with those on welfare suggest that voters have serious trouble understanding what is really at stake in the major issues of the day. The superficiality of our political dialogue can have big effects on public opinion and, ultimately, on policy.

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DIRECTOR'S STATEMENT by Robert F. Rich

Ernest Fitzgerald and Arthur Flemming recently received the third annual Paul H. Douglas Ethics in Government Award. Both are men of integrity and compassion; each possesses an outstanding record of public service. Over the course of their careers, they clearly exemplified the ideals and values of the late senator from Illinois. Douglas was known as the "conscience of the United States Senate" because of his unfaltering commitment to doing what's right for the citizens of this state and the nation, and not just those things that are popular or things that might help him get re-elected.

In this political season, it is worth highlighting the importance of ethics in government and excellence in public service. Ethics in government is not a narrow topic limited to money and politics or to telling the truth in a political campaign. Ethics is not simply "keeping yourself clean" or not being accused of fraud or misconduct. Campaign finance reform and an examination of the tendency of political candidates to speak in the form of popular sound bites are important issues. Similarly, trying to protect and even reward public officials who tell the truth, even when they endanger their careers or the chance to be reelected is an integral part of any discussion of ethics in government.

Realistic and enforceable codes of ethics for elected and non-elected

officials at all levels of government should not be an afterthought on the public policy agenda. More generally, promoting ethics in government should not be thought of as a "police function," which is only invoked and publicized when people are doing something wrong. Why is the topic of ethics left to the investigative reporter or to "watch-dog" organizations? Why do government officials only discuss ethics in the context of wrongdoing?

As already suggested, ethics has to do with promoting the public interest irrespective of partisanship, popularity with one's constituents or employers, or standing in the public opinion polls. It is related to the traditional Jeffersonian notion of representation: electing wise men and women to exercise their best judgment (and expertise) and not just responding to pressures from a particular constituency. Leaders sometimes have to educate the public on what is right; in other words, they have to be willing to lead.

Ethics has to do with promoting leadership and with a leader's responsibility to bring out the best instincts in others and to encourage them to strive for excellence. A concern with ethics in government touches on a broad range of topics including: our system of nominating and electing public officials, voter turnout, the media and public opinion, the nature of the "safety net" and the issue of "entitlements," protecting the environment, how well our criminal justice system is working, and the myriad questions surrounding health care.

Ethical behavior for journalists, public officials, and educators consists of more than merely holding people and organizations accountable. Ethics in government should focus on improving citizenship. It also includes the promotion of critical discussion and an evaluation of the major issues facing society. What can be done to improve deliberation, in and out of government, about the critical issues that face this country? What can be done to improve citizen interest and commitment to the policymaking process? The United States has the lowest voter turnout of any democracy. Our rate of participation in elections reflects disinterest and disgruntlement; many potential voters feel disenfranchised or that the system is not "voter friendly." What are the implications of this for our system of government? What steps should be taken to improve voter registration and turnout?

For those interested in ethics, the goal of attracting the "best and brightest" into government should be taken quite seriously. Government should be a high-status job that is widely sought by our young people.

The Institute of Government and Public Affairs is proud to administer the Paul H. Douglas Ethics in Government Program. Through an annual award and our educational program, we hope to promote understanding about ethics and, ultimately, to increase citizen sensitivity to the importance of this critical issue.

FACULTY ACTIVITIES

ANDREA H. BELLER (affiliate, Agricultural & Consumer Economics, UIUC) presented a co-authored paper at the July 22-26 Labor Studies Workshop of the National Bureau of Economic Research Summer Institute in Cambridge, MA, entitled "Childhood Family Structure and Labor Market Outcomes."

LYNN S. BRANHAM (senior research scientist) has completed the fifth edition of *The Law of Sentencing, Corrections, and Prisoners' Rights*, which will be published in December by the West Publishing Co. In April Ms. Branham participated in a panel discussion at Harvard Law School on private prisons, and in August she delivered a lecture to over ninety federal judges from the Sixth and Eighth Circuits about the Prison Litigation Reform Act. In August the American Bar Association also reappointed Ms. Branham as its representative on the Commission on Accreditation for Corrections.

JAN BRUECKNER (economics, UIUC) gave seminars at Harvard and Columbia Universities in the spring and spent June in Europe, where he was a visitor in the Department of Economics at the University of Bonn and at an economics research institute connected to the Ecole Nationale des Ponts et Chausees in Paris. He also gave a paper at a conference at the University of British Columbia in July.

LOUIS DeSIPIO (affiliate, political science, UIUC) published a book this summer with the University Press of Virginia entitled *Counting on the Latino Vote: Latinos as a New Electorate*. He has also begun a project that compares the political behaviors of naturalized and U.S.-born Latino citizens.

J. FRED GIERTZ is preparing an evaluation of the economic impact of McCormick Place on the Chicago area and the state. He will be assisted in this project by Harrison Campbell, a former graduate assis-

tant in IGPA and now a professor at the University of North Carolina.

SAMUEL K. GOVE (director emeritus) and JIM NOWLAN (senior fellow) have published a book on *Illinois Politics and Government* with the University of Nebraska Press; the two authors had a book signing in Springfield in May, another in Chicago in October, and participated in the "Illinois Authors Book Fair," sponsored by the State Library, in October. Professor Gove has started his term as co-president of the League of Women Voters of Champaign County and presented the keynote address at the league's regional meeting in October.

SHANE GREENSTEIN (economics, UIUC) attended the meeting of the Micro-Economics group at the Brookings Institution in July and presented a paper on "Technical Progress and Co-Invention in Computing and in the Use of Computers." He also attended the productivity workshop at the Summer Institute held at the National Bureau of Economic Research in Cambridge, MA, where he presented a paper (co-authored with former IGPA faculty member Pablo Spiller) on "Estimating the Welfare Effects of Digital Infrastructure."

GEORGE GROSS (electrical and computer engineering, UIUC) is the director of the Edison Electric Institute Power System Planning and Operations School, which focuses on educating nontechnical professionals of the electric power industry and its regulatory bodies. The school, presented annually since 1994 and administered by the University of Illinois, had its most recent offering in September in Portland. Over 50 people attended and 20 of them were public utility commissioners and senior staff members.

RICHARD F. KOSOBUD (affiliate, economics, UIC) recently completed a book entitled *Market-Based Approaches to Environmental Policy*; it is scheduled to be in bookstores by May 1997.

JOHN McDONALD (affiliate, economics, UIC) has started a research unit on the Chicago campus called the Center

for Urban Real Estate; its major project at the moment is a survey of vacancies in downtown Chicago office buildings.

THERESE J. MCGUIRE (urban planning & public affairs, UIC) presented a paper with Dick Dye on the effects of the Illinois tax cap on local government fiscal behavior at the 1996 conference of the Western Economics Association International, held in San Francisco June 28-July 2, 1996. Together with Fred Giertz and David Merriman, she recently completed a project for Progress Illinois that involved modeling the state's individual income and general sales taxes. In addition, Professor McGuire was program chair for the 1996 annual conference of the National Tax Association, held in Boston November 10-12; at the meeting she was also elected to a three-year term on the board of directors.

JAMES D. NOWLAN (senior fellow), in addition to his role as periodic columnist for *Crain's Chicago Business*, is now also writing for *Farm Week*, the Illinois Farm Bureau's publication. His study on school finance, published by the Taxpayers' Federation of Illinois, was the subject of an article in the September 23 issue of *Crain's*.

ELIZABETH POWERS (economics, UIUC) presented a paper on "State Tax Regressivity" at the National Tax Association meeting in November in Boston. In addition, her work on moving to a block-granted welfare system was featured in the "Economic Trends" section of the August 5 issue of *Business Week*.

PAUL QUIRK (political science, UIUC) is organizing the public policy section of the Midwest Political Science Association annual meeting, scheduled for April in Chicago. In September he presented a paper (co-authored with Jim Kuklinski, Bob Rich, and graduate student David Schwieder) on "Misinformation and Public Opinion" at the American Political Science Association annual meeting in San Francisco. At that meeting he also presented a paper with Gary Mucciaroni on "Does Deliberation Really Matter? Models of Information in Policymaking."

KENT D. REDFIELD (political studies, UIS) is the research director for the Illinois Campaign Finance Project, a two-year effort funded by the Joyce Foundation; its final report will be released in January 1997. His book, *Cash Clout: Political Money in Illinois Legislative Elections*, was published in October 1995 by the UIS Institute for Public Affairs. The Spring 1996 issue of *Spectrum*, the journal for the Council of State Governments, carried his commentary on "The Good, The Bad and The Perfect: Searching for Campaign Finance Reform in Illinois"; (an excerpt from the piece appears later in this newsletter.)

MILDRED A. SCHWARTZ (affiliate, sociology, UIC) met with foreign visitors to the Democratic National Convention, under the auspices of the National Democratic Institute for International Affairs, for a post-convention analysis. In August she also participated in a special session on NAFTA at the meeting of the American Sociological Assn. in New York.

CAROL J. SIMON (public health, UIC) received national media attention for her study of physician incomes, published in the Fall 1996 issue of *Health Affairs*; (for an excerpt from this piece, see below in this newsletter.)

THOMAS S. ULEN (law, UIUC) was named the Alumni Distinguished Professor of Law this summer. In late August he also organized and hosted a conference on "The Law and Economics of Comparative Law" in Chicago; the meeting was attended by fifteen scholars and lawyers from seven countries.

BART WECHSLER (urban planning & public affairs, UIC) was the keynote speaker at an international seminar on strategic planning for officials of the province of Buenos Aires, Argentina, in September.

PERSONNEL NEWS

In early summer Bob Rich announced that he wished to step down from his position as director of IGPA. He has agreed to remain on until a new director is appointed but no later than August 1997. At that time Professor Rich will have joint appointments in the institute and the UIUC College of Law.

Shane Greenstein accepted a 50% appointment in IGPA starting in August 1996. He has been a member of the UIUC Department of Economics since 1990 and an institute affiliate since 1995. His research focuses on information infrastructure.

Elizabeth Powers, who moved to UIUC in August from Cleveland where she had been with the Federal Reserve Bank, has a joint appointment with the Department of Economics and IGPA. She received her Ph.D. from the University of Pennsylvania in 1994 and wrote a dissertation on "Essays on the Incentive Effects of U.S. Welfare Programs."

Michael Caldwell, a member of the Department of Political Science at UIUC, will be a visiting scholar in IGPA for the next two academic years. He received his Ph.D. in 1995 from Stanford University with a dissertation on "The Influence of Democratic Structure: Presidents, Parliaments and Welfare."

Lynn Branham will be a visiting senior research scientist in the institute for the 1996-97 academic year. Ms. Branham is working on a project on "Pro Se Litigation" funded by the American Bar Association. Prior to moving to Urbana-Champaign, she was a professor of law at the Thomas M. Cooley Law School in Lansing, Michigan.

IGPA has its first post-doc with the arrival on November 1 of Stephen Mark, a doctoral candidate at the University of Pennsylvania. He has spent the last year at The Brookings Institution.

Charlene Seow joined IGPA as the administrative secretary for the Chicago office in early August following the resignation of Esther Maximo, who had been with the institute since 1992. Ms.

Seow was previously employed in the Institute on Disability and Human Development in the UIC College of Associated Health Professions.

Robert Felner has accepted a position at Rhode Island University as professor of education, chair-elect of the Dept. of Education, and director-elect of the proposed School of Education. He will continue his duties as director of IGPA's Center for Prevention Research and Development on a part-time basis during this year to ensure a smooth transition.

INSTITUTE ADVISORY COMMITTEE

For the 1996-97 academic year the IGPA advisory committee (elected by the faculty in May) comprises: J. Fred Giertz, Cedric Herring, Carol Simon, Tom Ulen, and Bart Wechsler. The committee's meetings are chaired by Director Bob Rich and are attended by the two associate directors, Therese McGuire and Anna Merritt, as ex-officio members.

NATIONAL ADVISORY COMMITTEE

To assist in setting its agenda in the areas of research and service, IGPA established a National Advisory Committee in 1987. Its members come from academia, not-for-profit organizations, and the business world. They serve three-year renewable terms. During this academic year the committee consisted of the following persons:

Helen (Sunny) Ladd, Chair,
Duke University
Lawrence Bobo, University of
California at Los Angeles
Thomas Campbell, member of the
U.S. Congress from California
Richard Frank, Harvard Medical
School
William H. Hudnut, Urban Land
Institute, Washington, D.C.
Sally Jackson, Illinois State Chamber
of Commerce
Kathy Kustra, Medicaid Strategies,
Chicago
Abner Mikva, former White House
Counsel

James D. Nowlan, Knox College
Wallace Oates, University of
Maryland

Richard Phelan, Foley & Lardner,
Chicago

Michael Preston, University of
Southern California

Nancy Stevenson, Voices for Illinois
Children

Frank Thompson, State University of
New York

Douglas Whitley, Ameritech Illinois

The committee held its annual meeting October 24-25 at the Hyatt at University Village in Chicago. Carol Simon gave an after-dinner presentation on her research about "Physician Earnings in a Changing Managed Care Environment," which had sparked nationwide interest when it was published this summer.

ETHICS IN GOVERNMENT PROGRAM

The Paul H. Douglas Ethics in Government program, which the institute administers for the university, presented the Ethics in Government Award for the third time on September 17, 1996. This time two people were honored: Dr. Arthur S. Flemming (who died shortly before the award could be presented) and A. Ernest Fitzgerald. The ceremony and reception were held on Capitol Hill in Washington, D.C. The 1996 selection committee consisted of Jean Douglas Bandler, the Hon. William Coleman, Jr., the Hon. Charles McC. Mathias, Robert F. Rich, Howard Shuman, Nancy Stevenson, and Roger Wilkins.

OFFICE OF PUBLIC MANAGEMENT

The office of Public Management, under the director of Bart Wechsler, continues its on-going work with state and local government agencies in Illinois. Recent projects have included training for the Illinois Department of Human Rights, management consulting with the Department of Alcoholism and Substance Abuse,

organizational assessment for the Cook County Clerk, and training for the Office of Cook County Board President.

POLICY SOUNDINGS

Last year the institute began a program of audiotapes known as IGPA Policy Soundings. Each tape presents background information on a current issue of public concern and offers policy options for consideration. Susan Nixon is producing the series and moderates the discussion on each tape. Four tapes have been produced so far.

The first tape in the series addresses the issue of Illinois' structural deficit and features IGPA Professor J. Fred Gertz and Senior Fellow James D. Nowlan. They examine growth rates for various revenue sources and expenditures, and present alternatives for eliminating the deficit.

The second tape, "Tort Reform: A Cautionary Tale," provides the listener with a general understanding of the tort liability system and focuses especially on the area of medical malpractice. It features IGPA Professor Tom Ulen and David Decker, a Waukegan lawyer and former president of the Illinois Bar Association.

Number three in the series is "Medicaid: Can It Be Managed?" Bob Rich, Carol Simon, and Will White examine the complex federal-state health care program that cares for low-income mothers and children, the elderly, and the disabled. Among the questions raised are: What can we do to stop rising health costs? Is managed care a magic bullet? Is it time to ration health care?

The fourth tape is entitled "Education Reform: It Can Happen" and features Bob Felner, who offers a unique way to look at the issues and challenges facing the education system. He talks about solutions that have worked — and indeed are working — in Illinois and across the nation and shares his views on how this state and others can provide better education to our children.

Tapes may be purchased from the institute's Urbana office for \$15.00 per tape

(checks should be made out to the University of Illinois; see order form at end of this newsletter).

WORKING PAPERS

IGPA puts out occasional working papers that are written in an academic style and produced in limited quantities. Editor for this series is Jim Kuklinski. Since our last newsletter, two such papers have appeared.

#49 — Racial Attitudes and the "New South," by James H. Kuklinski and Michael D. Cobb

#50 — Testing for Strategic Interaction Among Local Governments: The Case of Growth Controls, by Jan K. Brueckner

CONFERENCES & SPECIAL EVENTS

In early June IGPA, the Institute for Environmental Studies, and the Army Environmental Policy Institute cosponsored a briefing on "Integrated Watershed Management." It was held in the IGPA-Urbana conference room and was attended by experts from around the nation.

On June 19 the John D. and Catherine T. MacArthur Foundation in conjunction with IGPA and the Great Cities Institute of UIC held a conference entitled "Debunking the Myths/Confirming the Realities of Community Participation in the Planning and Implementation of the Empowerment Zones." It was held in the Chicago Circle Center on the UIC campus. The purpose of the event was to unfold a process of dialogue and discovery among activists/practitioners, civic leaders, applied researchers and policy makers about the significance and relevance of community involvement and citizen participation to the development of new democratic forms of engagement in civic and community life.

"The New Federalism and the Emerging Role of the States," a major conference organized by faculty from all

three University of Illinois campuses, was held September 19-20 at the Hyatt at University Village in Chicago. IGPA took the administrative lead in organizing it, and the Ameritech Foundation provided financial support. Neal Peirce began the proceedings as the keynote speaker. He was followed by three papers that focused on the major forces affecting federalism; they were presented by Don Kettl (LaFollette Institute), Howard Chernick (Hunter College), and Jim Pfander (UIUC College of Law). Don Haider then offered a paper on the impact on local governments. In addition, the conference provided sessions on four specific policy areas: welfare reform, environmental policy, criminal justice, and health care. The final session included MarySue Barrett (Metropolitan Planning Council in Chicago), Bill Hudnut (Urban Land Institute in Washington, D.C.), Paul Peterson (Harvard University), and Jim Nowlan (IGPA). An after-dinner talk on the first day was presented by Richard Nathan of the Rockefeller Institute at SUNY-Albany.

In September IGPA's Office of Public Management conducted a week-long executive development session in Chicago for twenty-five high ranking officials of the government of Argentina. Participants were drawn from ministries of the national government, provincial and local governments, and universities. Sessions covered a variety of contemporary public management topics, including strategic management, high performance teams, managing change, making tough decisions, and human behavior in the organization. Faculty included director Bob Rich, Barton Wechsler, and Paul Craig from IGPA.

The Starved Rock Lodge and Conference Center was the site for a one-and-a-half day retreat organized by Therese McGuire for members of the Committee of Women Legislators (COWL) on November 21-22. Topics covered at the meeting included MediPlan Plus, the reorganization of state agencies involved in

the delivery of social services, welfare reform, drug abuse, homeless youth, and legislation requiring insurance companies to cover clinical trials. Several IGPA faculty gave presentations: Carol Simon, Bart Wechsler, and Elizabeth Powers. Other speakers included Nancy Brown (NCSL), Bridget Simone (University of Chicago), Randy Eberts (Upjohn Institute of Employment Research), Les Brown (Chicago Coalition for the Homeless), and Edward Braud, M.D.

As for the past several years, IGPA once again hosted the executive interns in the Dunn Fellows program at a day-long seminar on November 22 in the IGPA-Urbana conference room. The general topic for this year's discussion was the New Federalism with a special focus on health care, welfare, and state finances. Institute presenters included Bob Rich, Will White, Kent Redfield, Fred Giertz, Jim Nowlan, and IGPA affiliate Tony Halter (UIUC School of Social Work).

THE GOOD, THE BAD AND THE PERFECT: SEARCHING FOR CAMPAIGN FINANCE REFORM IN ILLINOIS by Kent Redfield

[Editor's note: The following excerpt is from *Spectrum*, Spring 1996]

Ever wonder what elections at the national level would look like if all restrictions on contributions and spending were eliminated and we relied solely on disclosure and reporting to regulate the impact of money on the election process? Odds are they would look pretty much like elections in Illinois.

For the past 22 years Illinois has operated under what people in the campaign finance reform business call a "sunshine" law. There are no restrictions on who can contribute, how much they can contribute or when they can contribute; no restrictions on legislative leaders or other elected officials raising money and transferring it to other candidates; no restrictions on how campaign contri-

butions can be spent; and no requirement that surplus campaign funds be rebated or otherwise disposed of once an elected official leaves office. Instead of trying to restrict or prohibit the flow of political money through regulations, the Illinois campaign finance law requires disclosure of contributions and expenditure in excess of \$150 and the filing of pre and post election reports with the State Board of Elections. As with any sunshine law, the logic is that if candidates and contributors know that contributions and expenditures will be made public, they will moderate their behavior rather than risk having how they raise and spend money become an issue with their opponent, the press or the voters.

Calling the Illinois law a sunshine law is a little misleading; "hazy twilight" would be a more accurate description. Written reports of receipts are required 30 days before an election and written reports of single contributions over \$500 are required during the last month of the campaign. Comprehensive written reports of contributions and expenditures are required on January 1 and July 1 of each year. Until January of 1995 reports were available only on microfiche or hard copy. Since then, reports of contributions for the preceding six months have been available in electronic database form. Expenditure reports are still available only on microfiche or in hard copy.

Campaign finance policy making is an area wherein the danger of the perfect becoming the enemy of the good is almost overwhelming. Our basic goals are in conflict—more competitive vs. less expensive, retain free speech vs. lessen the advantage of those with money over those without money and on and on. And in trying to make tradeoffs between our conflicting goals, we are trying to design systems of laws to shape and restrain human behavior involving money and elections. When these are at stake, candidates and contributors have been almost limitless in their ability to overcome restraints and restrictions on the flow of political money. Limits on contributions by political action committees result in contributions by individuals.

Limits on the size of contributions result in an increase in the number of contributors with the same interest. Contribution limits can reduce the flow of money, but they can also make incumbents more secure if challengers are hampered in raising the amount of money necessary to take on a sitting legislator or statewide official. Public funding and spending limits can be incumbent reelection systems if the amount of public funding is not sufficient to allow a challenger to take on an incumbent. They are also generally ignored by both sides in competitive races that determine who has control of the legislature. Public financing that is sufficient for a contested race may be a source of waste or mischief for a candidate of the minority party in a district that is "safe." All of these changes will have an impact. Some of them are bad ideas. Most of them will do some good, although they tend to be less effective over time as candidates and contributors learn how to beat the system. But none of them are perfect.

If you conclude that all reforms are flawed and therefore doomed to failure, then you are left with the great campaign finance cop out: disclosure. Let the sunshine in! Disclosure has no obvious downside. It does not limit free speech. It does not distort or obscure the flow of money. It does not ask taxpayers to pay for campaigns. The upside of disclosure assumes that information can be made available in a timely manner; that people or the media care enough to be informed; and that it will make a difference in how campaigns are run or in the choices that voters make. None of these are a sure thing. For campaign finance information to be useful it must be timely and to be timely it must be available before the election. Making that happen is difficult and expensive. The information has to go from the campaign to a state agency and then to the voters and news media. Using state-of-the-art technology would involve requiring each campaign to have personal computer software, and an online capability,

providing training for campaign staff in the system, and requiring weekly and later daily reports that a state agency would then have to process and disseminate in written and electronic form. Doing this for 200 legislative candidates would be expensive and time consuming. But anything less would reduce the effectiveness of a disclosure approach. Even assuming this information could be made available, would anyone use it or even care? Issuing a report that says that legislative elections are even more legislative-leader and interest-group dominated now than they were two years ago will probably elicit a yawn from the capital press corps. They will say they already wrote that story last year and besides, "Is anything new?" Demonstrating to voters that the two candidates in their legislative district are both wholly owned subsidiaries of legislative leaders who are in turn bankrolled by big business, big labor, big health or big law probably only confirms their suspicions and does nothing to improve their choices.

So what should be done? By all means do disclosure. The more the better. But then do something else. Restoring the public's faith in the campaign process will take more than just providing them with a clearer picture of how the average person is getting the shaft. It is a necessary first step, but it isn't a substitute for real engagement. Take the initiative. Put the ball in the court of the candidates and the contributors. Make them react. Adopt contribution limits. Prohibit some groups from contributing at all. Provide some resources for challengers. Try public funding and spending limits for statewide candidates. Be prepared to succeed and then to fail and then to try something else. Campaign finance reform is more a process and an attitude than it is a set of laws. Waiting for someone to invent the perfect system won't get the job done.

PHYSICIAN EARNINGS IN A CHANGING MANAGED CARE ENVIRONMENT

by Carol J. Simon and Patricia H. Born

[Editor's note: The following excerpt is from *Health Affairs*, Volume 15, Number 3 / Fall 1996]

The average physician earned almost 4 percent less in 1994 than in 1993. This is remarkable for a number of reasons. Physicians have enjoyed consistently strong earnings growth over the past decades. Since 1982, when the current income statistics were first collected, up until 1994, median physician income had risen at an average annual rate of 5.9 percent in nominal terms, and 2.1 percent in inflation-adjusted dollars. The year 1994 marks the first time nominal earnings went down.

This decline comes at a time when the market for physician services is in flux because of the growth of managed care. By 1995 more than 83 percent of all patient care physicians had at least one managed care contract, up from 61 percent in 1990 and 43 percent in 1986. A key driver of managed care is cost containment; evidence suggests that managed care has cut reimbursements and restricted access to physician services. The 1994 physician income numbers, however, may be the first evidence that managed care has had a widespread effect on physicians' earnings in particular and on health spending in general.

Policymakers look to trends in physician income not only as a signal of change in one component of health care spending, but also as a factor that affects the future composition of the physician workforce. Studies have linked physicians' location decisions and medical school graduates' choice of residencies to expected incomes in various specialties. In fact, the 1995 and 1996 residency matches resulted in more students choosing programs in primary care, while fill rates in programs such as anesthesiology, pathology, and diagnostic radiology fell sharply.

Physicians, on average, earned less in 1994 than they did in 1993, but the decline was most pronounced among physicians at the upper end of the earnings distribution. Indeed, the distribution has narrowed, and physicians at the low end of the earnings spectrum enjoyed respectable income growth in 1994. The gap between the earnings of primary care physicians and those of specialists has narrowed, although gains by general/family practice physicians are driving these results. Physicians in general internal medicine and pediatrics suffered sharp income losses in 1994, and internists' incomes have lagged significantly behind those of other primary care physicians for most of the 1990s.

Many of these results are consistent with the purported impacts of managed care, but many require a broader set of explanations. Looking across geographic markets, we see that since 1990 managed care has put pressure on income growth for all specialties—including primary care. In the most recent year (1994),

however, specialists in markets with the least managed care reported income losses comparable to those reported by physicians in the most mature managed care markets.

One should not overstate the importance of a one-year "trend." Still, in all likelihood, recent changes in the physician marketplace do not begin or end with "managed care."

Between 1985 and 1994 average physician income rose cumulatively by 26 percent, or by 2.2 percent per year on average, after adjusting for inflation (see table on back page). There is a noticeable break in trends between the first half and the latter portion of the period. Average income grew steadily at an annual rate of 3.1 percent between 1985 and 1991, compared with annual increases of less than 1 percent over the more volatile years from 1991 to 1994. Slower growth in the latter period is largely attributed to the 3.8 percent reduction in average income in 1994.

Changes in physician income are not uniform across the distribution. Physi-

cians in the lowest decile saw their incomes increase modestly over the sample period. Incomes at the twenty-fifth, fiftieth, and seventy-fifth percentiles followed a slightly different pattern: Incomes rose steadily at the middle percentiles between 1985 and 1989, and the gap between the lower earners at the twenty-fifth and the higher earners at the seventy-fifth percentile also widened. After a period of flat growth from 1989 to 1991, incomes for the middle 50 percent of physicians again rose in 1992 and 1993, then fell sharply in 1994.

Physicians in the top 10 percent experienced the largest increases and the largest recent reductions in income: At the ninetieth percentile, incomes rose an average of 4 percent per year between 1985 and 1991, then fell about 2 percent between 1992 and 1994 and more than 6 percent between 1993 and 1994. The reductions at the ninetieth percentile are particularly striking because they suggest a downward trend two years in the making.

Please send me the following *Policy Soundings* audiotapes:

- | | |
|---|----------------------------------|
| No. 1 "Illinois' Structural Deficit,"
with Jim Nowlan and Fred Giertz | Quantity _____ @ \$15 = \$ _____ |
| No. 2 "Tort Reform: A Cautionary Tale,"
with Tom Ulen and David Decker | Quantity _____ @ \$15 = \$ _____ |
| No. 3 "Medicaid: Can It Be Managed?"
with Robert Rich, Carol Simon,
and William White | Quantity _____ @ \$15 = \$ _____ |
| No. 4 "Education Reform: It Can Happen,"
with Robert Felner | Quantity _____ @ \$15 = \$ _____ |

Grand total \$ _____

Checks should be made out to: The University of Illinois
and sent to:

Anna Merritt
IGPA
1007 W. Nevada
Urbana, IL 61801

Net Physician Income, By specialty, Inflation-Adjusted 1994 Dollars, 1985-1994

Specialty ^a	1985 ^b	1992 ^b	1993 ^b	1994 ^b	Percent change			Proportion of physicians in 1995
					1985-1993 ^c	1992-1993	1993-1994 ^d	
Primary Care	\$109,673	\$128,510	\$131,532	\$129,353	19.9%	2.4%	-1.7%	31.8%
Hospital-based	176,497	230,091	224,902	214,634	27.4	-2.3	-4.6	13.9
Subspecialties	202,912	242,333	256,868	243,828	26.6	6.0	-5.1	26.9
Other Specialties	157,610	194,206	189,121	179,072	20.0	-2.6	-5.3	27.4

Source: American Medical Association Socioeconomic Monitoring System surveys, various years.

NOTE: Net Income after expenses, before taxes, adjusted for inflation; 1995 survey asks about 1994 income.

^a Primary care: general/family practice, general internal medicine, and general pediatrics, Hospital-based; anesthesiology radiology, pathology, and emergency medicine. Subspecialties: Internal medicine subspecialties, surgery subspecialties, and pediatric subspecialties. Other specialties: general surgery, psychiatry, obstetrics/gynecology, and others not elsewhere classified.

^b Differences in mean incomes by specialty group are significant at the 95% confidence level. for each year shown.

^c Within each group, differences in 1985 and 1993 incomes are statistically significant at the 95% confidence level.

^d Within each group, differences in 1993 and 1994 incomes are statistically significant at the 95% confidence level.

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Editor: Anna J. Merritt

DIRECTOR'S STATEMENT

by Robert F. Rich

This is my last "statement" as director of the Institute of Government and Public Affairs. After eleven years in this job, a new person will take over in the fall of this year.

IGPA is well positioned to take advantage of what is undoubtedly going to be the "Era of Sub-National Government." State and local governments are growing in importance and significance as critical actors in the policy-making and implementation process. They are no longer the "weak partners" in our federal system. These governments have developed capacity and political will to act, independently of the "helpful eye" of the federal government.

IGPA can play a role in this new era. The institute provides a safe place for elected and unelected officials, representatives of the private sector, representatives of associations and interest groups, and other public affairs related actors to deliberate about key issues. With offices in Chicago, Springfield, and Urbana-Champaign we can provide a setting in which free and open discussions can take place. Moreover, we can analyze the issues and examine various options for addressing the problems facing the state of Illinois and the nation.

The current debate over financing elementary and secondary public schools illustrates what our role can and should be. The institute has the capacity to study the alternative proposals being considered — including

the Ikenberry plan, the IEA plan, and the one being developed by Republican legislators. With respect to each of these plans, we can focus on relevant issues in a decidedly non-partisan manner: what objectives are being served by each plan (i.e., affordability, adequacy, equity, property tax relief)? What are the fiscal implications of each plan (i.e., how much revenue is required to pay for each plan)? How can the revenues be raised? Who will benefit the most from each plan? To what extent is "reform" of the school aid formula to be equated with "school reform" in general? What can we learn from the experiences of other states (e.g., Michigan)?

In addition to our role as policy researchers and evaluators, IGPA can also contribute to human resource development in the state. There is a real need to develop a future leadership cadre for Illinois while offering support to our current leaders. Leadership development should emphasize certain themes: excellence, total quality improvement, continuous improvement, accountability, effectiveness, and efficiency. How can these themes be translated into a meaningful program?

We might begin by fostering an active partnership between the state's business and public sector leaders. On behalf of the university, IGPA could develop a set of programs emphasizing the theme of continuous improvement and excellence. The institute could provide the forum for an exchange of information and experiences in the public and private sectors and for an examination of ideas that have worked in other

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states as well as corporate innovations that might be applied by state and local governments. In the course of these discussions, private sector participants may also learn more about the complexity of public-sector life.

In this partnership between IGPA and sub-national governments, the institute could emphasize its educational role by offering educational programs for officials in such areas as communications, high performance team building, strategic planning and management, and tax reform.

Clearly, I look forward to IGPA's role in the "Era of Sub-National Government" with keen anticipation.

I have cherished my time as director of the Institute of Government and Public Affairs. Most academic departments and units only care about producing knowledge and seeing to it that it finds its way into the appropriate academic journals. We at IGPA feel that it is equally important to see to it that our research findings are integrated into public policy discussions. I believe that building bridges between universities and the public and private sectors will be the wave of the future.

In August or September 1997 IGPA will have a new director. He or she will have the responsibility of working with the faculty and with key public and private leaders to shape our course. I look forward to the opportunity of continuing to work with my institute colleagues on the key issues facing Illinois.

FACULTY ACTIVITIES

ANDREA H. BELLER (affiliate, Agricultural & Consumer Economics, UIUC) has been appointed to the editorial board of the *Quarterly Review of Economics and Finance* and published an article (with John W. Graham) on "Child Support in Black and White: Racial Differentials in the Award and Receipt of Child Support During the 1980s" in *Social Science Quarterly* (September 1996).

JOHN B. BRADEN (affiliate, Water Resources, UIUC) served on a planning committee that developed an integrated management plan for the Illinois River Basin, which is to be released by Lt. Governor Bob Kustra. He is also conducting research and outreach on the Illinois River Valley. This NSF-funded project seeks to identify strategic changes that could improve the ecological as well as economic benefits realized from the river; an excerpt from the proposal to NSF appears later in this newsletter. Professor Braden also organized (and IGPA helped sponsor) a conference on "Illinois Water Law" that was held on October 23, 1996, in Bloomington, Illinois.

LYNN S. BRANHAM (senior research scientist) delivered a lecture about the Prison Litigation Reform Act in November to federal district and appellate court judges from the Fifth Circuit Court of Appeals in Austin, Texas. During that month she was also on the faculty of a Federal Judicial Center video seminar on the PLRA that was televised across the country from Washington, D.C. to staff attorneys for the federal courts of appeals. Ms. Branham was recently appointed to a two-year term on the American Correctional Association's Standards Committee.

JAN BRUECKNER presented a paper, "Testing for Strategic Interaction Among Local Governments: The Case of Growth Controls" (which also appeared as an IGPA working paper), at an October conference on fiscal decentralization at the University of Toulouse in France and at the

annual economics meeting in New Orleans in January. Professor Brueckner is also working with an IGPA team studying fiscal disparities in metropolitan areas, commissioned by the Metropolitan Planning Council in Chicago.

LOUIS DeSIPIO (affiliate, political science, UIUC) published a chapter on the construction of Latino ethnic identity in *The Politics of Minority Coalitions: Race, Ethnicity and Shared Uncertainties*, edited by Wilbur Rich, and an article on Immigration and Naturalization Service efforts to respond to increased demands for naturalization services in the *Harvard Journal of Hispanic Policy*.

J. FRED GIERTZ was a presenter at a policy-makers conference in the Waubesa Community College rural/urban policy series on November 26 and participated in a December 11 video conference and broadcast "Power to the Children - School Funding and Tax Reform" organized by Governors State University. He also published an article on "Illinois' low return on federal tax dollar" in *tax facts*, a publication from the Taxpayers' Federation of Illinois, as well as a 1996 review and 1997 preview of tax developments in Illinois that appeared in the January issue of *State Tax Notes*.

SAMUEL K. GOVE was a member of the Illinois Campaign Finance Task Force, which released its final report, "Tainted Democracy: How Money Distorts the Election Process in Illinois and What Must Be Done to Reform the Campaign Finance System," on January 29, 1997. The task force was chaired by former U.S. Senator Paul Simon and former Illinois Governor William Stratton.

DORIS GRABER (affiliate, political science, UIC) spoke at numerous academic meetings last fall. At the American Political Science Association meeting as well as in her presidential address at the International Society of Political Psychology she discussed the Internet as a source of political information. Professor Graber has also been appointed to the advisory board of Harvard's Shorenstein Center for Press, Politics, and Public Policy.

CEDRIC HERRING is on leave from IGPA to direct the new Institute for Research on Race and Comparative Public Policy at UIC. Last fall he helped organize and participated in a joint United Nations Development Programme and University of Illinois conference on "Human Development and Economic Growth," which was held in Chicago on December 5.

STANLEY O. IKENBERRY, who became president of the American Council on Education last fall, was featured in an article about higher education in the *National Journal* (12/14/96). He also appeared on PBS' McNeil/Lehrer Show in early February.

STEPHEN MARK (senior research associate) arrived at IGPA-Chicago in November after six months at the Brookings Institution. He has written papers on metropolitan government and the location of business activity. At Brookings he studied the revenues of the District government and helped write "The Orphaned Capital - Adopting a Revenue Plan for the District of Columbia," which will be published in March. Mr. Mark expects to complete his Ph.D. at the University of Pennsylvania this year.

ANDREW McFARLAND (affiliate, political science, UIC) became the acting chair of the UIC Department of Political Science in January; he will serve in this capacity until the department recruits a new head.

SHEKHAR MEHTA (research associate) has co-authored a book on *Controlling Pollution: Incentives and Regulations*, published by Sage. The purpose of the book is to assess the efficacy of alternative instruments for pollution abatement in India. According to the publisher's blurb, "The state of India's environment has been deteriorating steadily over the past two decades. Ambient standards of air, water and soil pollution are routinely exceeded with potentially disastrous consequences. Recognizing the seriousness of the problem, the Indian government has recently introduced a series of measures which concentrate on practical aspects of implementation....[The

authors] assess the choice of instruments for pollution control by linking economic and environmental systems."

JAMES D. NOWLAN (senior fellow) and KENT REDFIELD are mentioned in an article on "Shopping for Influence / Contracts go to big givers in Illinois" in *Capital Eye* (Vol. 4, No. 1), a national newsletter devoted to campaign finance issues. The article is a review of the book *Illinois for Sale: Do Contributions Buy Influence?* published by the UIS Institute for Public Affairs, which contains a concluding essay by Nowlan, Redfield, and Charles Wheeler.

ELIZABETH POWERS and ANDREA BELLER (affiliate, Agricultural & Consumer Economics, UIUC) were awarded a UIUC Partnership Illinois Council grant of \$15,000 for a project on "Implementation and Evaluation of the Child Support Provisions of Welfare Reform in Illinois."

KENT D. REDFIELD was quoted in an article entitled "Illinois Is Attacked on Election Laws" that appeared in the *New York Times* (1/30/97). The article focused on a report released by the Illinois Campaign Finance Task Force, created 18 months ago by *Illinois Issues* magazine and the Institute for Public Affairs at UIS; the task force was chaired by former Senator Paul Simon and former Governor William Stratton. Professor Redfield served as the lead researcher for the task force. [Editor's note: an excerpt from a commentary on this subject by Professor Redfield appeared in the last issue of the IGPA newsletter.]

ROBERT F. RICH was featured in the *Champaign-Urbana News Gazette* in an article entitled "Tough choices loom in medicine: Americans want no compromise on their health care." According to Professor Rich, "Expectations in other countries are different. There are no private rooms. There are only generic drugs. Americans still think they can have it all."

IGPA ON THE WEB

The institute finally has its own home page; please visit us at <http://www.igpa.uiuc.edu/>

ECONOMIC EDGE

Last fall the institute began a new quarterly publication, *Economic Edge*. It is written by Professors Robert Resek and J. Fred Giertz, with the assistance of Shekhar Mehta and Clecio Dias. For some years faculty at IGPA have monitored the fiscal and economic status of the state and the nation, prepared forecasts of Illinois revenue, and prepared and disseminated the University of Illinois Flash Index of Illinois Economic Performance. *Economic Edge* provides an additional means to distribute this information and makes it more available to policy makers, the business community, and the people of the state. The first issue, which appeared in October 1996, concentrated on two new indicators of the state's current economic situation: the University of Illinois Leading Index and the University of Illinois Coincident Index. The December issue focused on the state's revenue forecasts, and the February issue looks once again at the indexes and considers state revenues and the current debate about school funding and property tax relief.

POLICY SOUNDINGS

The institute recently issued the fifth tape in its *Policy Soundings* series. "The Challenge of Welfare Reform: Now It's Up to the States" features Cedric Herring, Therese McGuire, and Elizabeth Powers, with Susan Nixon once again serving as moderator. The other tapes focus on Illinois' structural deficit, tort reform, Medicaid, and education reform. Individual tapes may be purchased from IGPA for \$15 each; all five are available for \$60. Checks should be made out to The University of Illinois.

POLICY FORUM

The institute's *Policy Forum* is published four times per academic year. So far in this year, one such essay has appeared:

"Tax Caps in Illinois: Experience and Issues" (Volume 10, Number 1, 1996), by Richard F. Dye and Therese J. McGuire

Summary: In Illinois in 1991 the state enacted a limit on the rate of growth of property tax extensions for most local governments in the suburban counties surrounding Chicago. Three studies described herein examine the effects of this tax cap on local jurisdictions. The first study finds a large number of jurisdictions that are not restrained by the cap, but evidence of increasing restraint with each additional year. The second study finds that, with the possible exception of fire districts, the cap has had an overall restraining effect on the growth of property taxes. Evidence from school districts suggests that the cap may have impacted the composition of spending. The third study finds that, with the possible exception of third-grade math scores, student performance has not declined in capped districts when compared to uncapped districts.

These are short run effects. The long run effects may well be larger, if the cumulative nature of the tax cap is important, or they may even be smaller, if the jurisdictions subject to the cap devise methods of getting around the cap or if the changes in the underlying economy make the cap less binding.

Also noteworthy are the findings of differential impacts across districts. Jurisdictions differ in the level and growth of their tax bases, their historical reliance on bond finance, their access to revenue sources other than the property tax, the level and growth in the demands for governmental services, and in many other ways. Each additional year tax caps are in place and each additional county on which tax caps are imposed will reveal more such differences.

WORKING PAPERS

IGPA puts out occasional papers that are written in an academic style and produced in limited quantities. Editor for this series is Jim Kuklinski. Since our last newsletter three such papers have appeared:

#51 – Technical Progress and Co-Invention in Computing and in the Uses of Computers, by Timothy F. Bresnahan and Shane Greenstein.

Abstract: In this paper, we examine the diffusion of client/server computing systems to users of large scale computing systems, a group that places extremely high value on computing technology. We investigate the development of the market for client/server. In particular, our focus is on the patterns of competition between client/server and traditional large-scale computing of the late 1980s. We examine detailed, individual user establishment data on the adoption of client/server and the replacement of host-based systems between 1989 and 1994.

We study, and finally reject, classic theories of vendor lock-in, obstructionism by Information Systems departments, and easy substitution to obtain users' benefits from the new technology. Instead, we argue that the patterns of adoption are largely determined by the costs buyers have to face when switching to the new client/server platform. These are the costs of inventing new ways to use computers, and they are closely tied to the idiosyncrasies and complexity to the buyer's computing organization. The importance of these co-invention costs in adopting information technology changes one's view of the economic processes by which raw technology takes on a socially useful form.

#52 – Consequences of Means Testing Social Security: Evidence From the SSI Program, by David Neumark and Elizabeth Powers.

Abstract: We attempt to draw inferences about the potential behavioral

responses to means testing Social Security by examining the effects of the Supplementary Security Income (SSI) program for the aged on wealth accumulation and employment. Part of the SSI program provides payments to the poor elderly, thus operating as a means-tested public retirement program. The federal government sets eligibility criteria and benefit levels for the federal component of the program, but many states supplement federal SSI benefits substantially.

We exploit the state-level variation in SSI benefits to estimate the effects of SSI on saving and labor supply. We use data from waves 4, 5, and 7 of the Survey of Income Program Participation (SIPP), covering individuals in the 1983-1986 period. We find evidence that high SSI benefits reduce saving among households with male heads who are approaching the age of eligibility for SSI for the aged, and who are likely participants in the program. But we find little consistent evidence that generous SSI benefits reduce the labor supply of older men nearing the age of eligibility. This evidence suggests that a means-tested Social Security program that bases eligibility or payment levels in part on accumulated wealth may, consistent with the fears of critics of such a program, discourage saving among those approaching the age of retirement.

#53 – Fiscal Federalism and Capital Accumulation, by Jan Brueckner.

Abstract: This paper explores the effect of fiscal federalism on capital accumulation and growth in an overlapping-generations model. By relaxing the uniform-consumption requirement of a unitary system, fiscal federalism allows the economy to respond to an intergenerational difference in the demand for public goods. Since this response alters public consumption for both young and old, federalism affects the marginal utility of income for both groups. This in turn affects the incentive to save, which alters the equilibrium capital intensity of the economy. Growth effects emerge during the transition to the new equilibrium.

JOURNALISM FELLOWS PROGRAM

With financial support from the Chicago Tribune Foundation and under the leadership of IGPA Senior Fellow Jim Nowlan, IGPA is offering a workshop series to a select group of fifteen young working journalists from around the state. The program consists of five Saturday sessions, each of which is devoted to one or two topics; the sessions are designed to increase the participants' capacity to deal with complex issues that are not generally part of an undergraduate education. Each session also offers an opportunity to hear from and exchange views with academic experts and practitioners in the field. Topics covered include: public finance and property tax, statistics and opinion research, covering federal and state politics and government from a local perspective, local government and school budgeting, and capital finance and debt administration.

CONFERENCES – PAST

COWL meeting. Members of the Conference of Women Legislators (COWL) met for a two-day retreat at Starved Rock state Park November 21-22, 1996, ahead of the upcoming 90th Illinois General Assembly. The purpose of the retreat was twofold – 1) to learn more about certain issues of concern to women and children in Illinois and 2) to strengthen the organization by focussing on common objectives in a setting removed from Springfield.

IGPA, which planned the retreat, presented the legislators with expert panels on decisions regarding Illinois' Medicaid system, the new state Department of Human Services, and the federal welfare reform bill. These issues are traditionally thought of as "women's issues" because of their impact on women and children. They also are leadership opportunities for COWL and its members as the topics they have long supported move to the forefront of the state's legislative agenda.

The number of women now in the state legislature adds momentum to the task. Close ratios of republicans and Democrats in both the House and Senate increases the importance of bipartisan solutions.

COWL's membership includes 18 Democrats and 17 Republicans in the House, five Democrats and six Republicans in the Senate. The women legislators at the retreat have high expectations for the power of bipartisan action. They believe the prospects are good for shaping and implementing policies that improve the well-being of women and children in Illinois. Representative Barbara Flynn Currie said a result of the retreat was a "deepened recognition that people of good will, privy to good information, can cross many boundaries in the search for solutions to the problems that confront us."

The three panel presentations and presenters were:

- "Implementing the Illinois Waiver for Medicaid (MediPlan Plus)," Carol Simon (IGPA) and Bridget Simone (University of Chicago)
- "Implementing the Reorganization of State Agencies that Deliver Social Services, Cash Payments, and Health Care to the Needy," Bart Wechsler (IGPA) and Fran Berry (Florida State University)
- "Implications of the Federal Welfare Reform Bill for Illinois," Elizabeth Powers (IGPA) and Randy Eberts (W.E. Upjohn Institute for Employment Research).

Lawmakers and editors round tables. Senior Fellow Jim Nowlan organized two meetings for state legislators and newspaper editors in December — one on the topic of education finance (held at the College of Law at UIUC), the other on transportation infrastructure (held in Chicago at the Union League Club). The informal format and high level of discussion at these meetings has led to the decision to organize at least two more such meetings in the spring.

New legislator seminar. Approximately two dozen newly elected members of the Illinois General Assembly gathered at the Sangamo Club in Springfield on January 14, 1997, to participate in IGPA's third biennial meeting for new legislators. Senior Fellow Jim Nowlan organized the meeting, which began at 1:00 p.m. and ended with a dinner attended by University of Illinois President James Stukel and House Majority Leader Michael Madigan. The program focused on three public policy issues, and the speakers included IGPA faculty members as well as outside experts: the school aid formula — with Bill Hinrichs from the State Board of Education and Therese McGuire from IGPA; implementing welfare reform in Illinois — with Robert Wright, director of the Department of Public Aid, and Elizabeth Powers, IGPA; and corrections, juvenile justice, and sentencing — with Mike Mahoney, executive director of the John Howard Association, and Lynn Branham, senior research scientist at IGPA.

Welfare reform conference. On February 24 the institute held a highly successful conference on "The Challenge of Welfare Reform" in the Public Affairs Center at the University of Illinois at Springfield. Co-sponsors for the meeting were the UIS Institute for Public Affairs, the Township Officials of Illinois, the Illinois Commission on Intergovernmental Cooperation, the UIUC Office of Continuing Education, the Illinois Community College Board, the National Association of Social Workers, and Voices for Illinois Children. The day-long conference began with an address by Rebecca Blank, director of the new Northwestern/University of Chicago Joint Center for Poverty Research. Topics for the various sessions included capacity and intergovernmental cooperation, the changing nature of the welfare office, what other states are doing, teen parents, child support, job training, the job outlook for low-wage workers, and resources for immigrants. The concluding session was an address by Barbara Payne, chief of the Bureau of Aid Administration in the Illinois Department of Public Aid. Elizabeth Powers was responsible for organizing this event.

CONFERENCES — FUTURE

TIF conference. Dick Dye is working with the Civic Federation in Chicago on a conference dealing with tax increment financing, to be held March 25 in the sixth floor conference room of Northern Trust Securities (50 LaSalle Street, Chicago). It is scheduled to run from 8:00 a.m. until noon.

Regulatory round table. An invitation-only round table on telecommunications is being organized by Shane Greenstein for April 4 at the Union League Club, Chicago.

Health care conference. Will White is organizing a major conference on "Physicians and the Changing Health Care Market" for April 18 at the Hyatt at University Village (625 S. Ashland, Chicago).

LINKS Conference. The University of Illinois will host the fourth annual LINKS Conference on May 1-4 at the Renaissance Hotel in Springfield. Previous meetings of this national conference, which examines the links between state government and institutions of higher learning, were held in California, Georgia, Colorado, and Michigan. The UIS Institute for Public Affairs is handling the logistics for the event, and several members of the IGPA faculty are helping with the organizational effort and will participate in it as speakers or session moderators.

PARTNERSHIP ILLINOIS GRANTS

Several members of the IGPA faculty and affiliate staff were among those receiving nineteen "seed grants" as part of the UIUC Partnership Illinois initiative to highlight and strengthen the campus' outreach to the state.

Robert Rich, in collaboration with the Illinois Municipal League, received \$15,000 to develop a two-year curriculum that will be offered to elected officials in Illinois, help develop an information and communications infrastructure for local officials, and provide technical assistance to municipalities.

Elizabeth Powers and IGPA affiliate Andrea Beller were awarded \$15,000 to conduct an evaluation of several pilot programs designed to increase the state's paternity-establishment rate. The programs were developed as part of the state's effort to meet the provisions of the federal welfare reform bill. Under that legislation, states will have to attain paternity-establishment rates of 90 percent for out-of-wedlock births; in Illinois the rate stands at approximately 40 percent.

John Braden, also an institute affiliate, received \$15,000 to create an Illinois River Basin Information Bureau that will expand awareness of the Illinois River valley as a natural resource for the state and promote public involvement in the implementation of a management plan for the renewal of the river and its tributaries.

STRATEGIC RENEWAL OF LARGE FLOODPLAIN RIVERS

by John B. Braden

(director of the Water Resources Center, UIUC, and IGPA affiliate)

[Editor's note: The following paragraphs are taken from the project summary of a proposal to the National Science Foundation.]

This proposal to the NSF/EPA Water and Watersheds Program includes the following research components, in order of emphasis:

- Biological and ecological research;
- Social science research;
- Hydrologic, geochemical, and engineering research.

The project concerns the renewal of large floodplain river ecosystems. Large floodplain rivers are found in many areas of the U.S., with a concentration in the Midwest. These ecosystems have extraordinary biological potential, based in large measure on predictable spring and fall

floods shift and expand the aquatic/terrestrial boundary. Current water management practices, however, severely diminish that potential. The policy question is: In order to renew valuable biological activity and mitigate floods, how could the hydrology and floodplain be reconfigured and what are the economic costs and benefits of change? The research challenge is to link economic, ecological, and hydrologic models in order to understand the essential relationships between land uses, water regimes, ecological functions, and economic outcomes.

The national need for this research is documented in recent scientific assessments sponsored by the National Research Council, the National Science Foundation, and the White House. As floods have become more frequent and more severe, as the ecological importance of water regimes has become better understood, and as the economic fortunes of floodplain communities have waned, there has emerged a consensus for new, more sustainable approaches to river management.

The proposed research will focus on the conditions of the Upper Mississippi River Basin, using a section of the Illinois River as the study site. The Illinois River is one of only three large floodplain river systems in the 48 states that retains an appreciable annual flood pulse. Insights gained on the Illinois River, however, are transferable to other river systems, such as the Ohio, Tennessee or Arkansas, where flood pulses could be restored. The Illinois River has remarkable ecological potential that has been seriously diminished. The research will involve the development of a distributed parameter, dynamic systems model of river hydrology, ecology, and economy. The model will simulate the interaction of floodplain land uses and the hydrograph and link them to economic activities (agriculture, navigation, recreation, commercial fishing, and forestry) and species carrying capacities. A policy component will examine the significance of agricultural, navigation, wildlife, and water management policies on system outcomes.

ECONOMICS IN THE FUTURE OF THE LAW

by Thomas S. Ulen

(professor in IGPA and the UIUC College of Law)

[Editor's note: The following excerpt is taken from a talk presented at the rededication of the University of Wisconsin School of Law on February 15, 1997.]

Everyone recognizes that law and economics has been one of the most successful innovations in the legal academy of the last century. This intellectual revolution began modestly in the 1960s and 1970s with a few important and innovative articles and a comprehensive, masterful text, that showed the possibilities of the field. Then, in the 1980s the field exploded into respectability and prominence—becoming a regular course in the curricula of the best law schools, a vibrant legal research style that figured in a torrent of important books and articles, a force that transformed many faculty from exclusive practitioners of traditional doctrinal research to a more social-science-oriented research, and a substantial justification for important public policy changes. By the early 1990s economic analysis suffused a modern legal education, even one devoid of an explicit course in law and economics.

I speculate in this article on where the field do flaw and economics is headed. It helps to begin such an enterprise by seeing where the field has been, and so, I start with a very brief statement of what I take to be the central tenets of law and economics and of some of the defining conclusions of the law-and-economics literature in selected areas of the law. Then, I turn to my main points about the future of law and economics. Let me state those points and thereby explain my title. I believe that there are three central developments that will occur in law and economics in the near future. First, the existing gaps in our economic understanding of legal rules and institutions will be filled. These gaps run from relatively minor ones—such as minor tidying-up in some aspects of, say, contract law—to far broader ones—such as an eco-

conomic understanding of comparative law and of the appropriate relationship among the market, private law, and public law. While I shall try to identify these areas of scholarly gap-filling, I believe that the last two points are more important to the future of law and economics. Second, I am hopeful that law and economics will lead to a richer descriptive theory of human decision-making than any now in use in the social sciences. Third, I am confident that law and economics, in conjunction with law and society, will foster the empirical study of legal rules and institutions. These law two developments—one providing a richer theory; the other, a richer empirical basis—will place the law and law-and-economics on far firmer ground than it now inhabits.

Conclusion. I have described the central tenets of law and economics as rational choice theory and the *ex ante* perspective, and I have given some examples of the application of these tenets to the economic analysis of legal rules and institutions. There is great explanatory and predictive value in rational choice theory, and yet, as a description of human behavior, it is imperfect. For example, most people, when making choices under uncertainty, do not behave in the manner predicted by expected utility theory. It follows that expected utility theory may not be a good foundation on which to build an efficiency analysis of legal rules. I have pointed out some of the shortcomings of law and economics and have attributed those to a failure to employ a richer descriptive theory of human decision-making. Finally, I described an alternative to rational choice theory, especially in its expected utility theory form, and showed how the analysis of legal rules might change as a result of beginning the analysis from this alternative, firmer ground. I very strongly suspect that in the near future law and economics (and economics) will incorporate these descriptive theoretical alternatives to rational choice theory.

I want to close by sounding two cautionary notes. First, let me not be misunderstood on the subject of rational choice theory. It is a powerful and useful guide to much of human decision-making. The advances in economic, legal, political scientific, and other learning that has come from its application rank among the great academic accomplishments of the late 20th century. I am certainly not saying that economics or law and economics should or will abandon rational choice theory. I am agnostic—prudently so, I think—on the issue. Thomas Kuhn argued that paradigm shifts occur in science when the prevailing paradigm is incapable of incorporating new observations. Those observations are anomalous in the prevailing paradigm. If the anomalies either become too numerous or can be incorporated into the prevailing paradigm only through the most exquisite contortions, then, Kuhn suggested, a new paradigm emerges.

We cannot be certain whether the anomalies that rational choice theory must confront will be incorporated into an amended theory or will be the cause of rational choice's surrender and its replacement by some alternative paradigm. Let me use an analogy to suggest one possible accommodation that rational choice may make. Until the early part of this century the theory of classical mechanics—Newtonian mechanics—described and predicted the behavior of most physical phenomena reasonably well. but then some theoretical and experimental anomalies began to appear. Classical mechanics was found to be inadequate in explaining the behavior of either very small bodies—e.g., atomic and subatomic particles—or very large bodies—e.g., galaxies and the universe. Over the course of the 20th century physicists have elaborated alternative theories—quantum mechanics, which explains and describes the subatomic world, and the theory of relativity, which describes immense scale phenomena—that explain the realms in which classical mechanics was inapposite. Interestingly, classical mechanics has continued to be useful for most phenomena between the very large and the very small.

As a theory of human decision-making, rational choice theory may be analogous to classical Newtonian mechanics: it describes and predicts much of routine human decision-making. For instance, all the consumers in a particular market—e.g., all the consumers of bicycles—when taken together, behave in the fashion that the theory predicts. And even when applied to the decisions of some individuals, rational choice theory may be useful. But, as we have seen, in a wide variety of individual choices, people do not behave as the theory predicts. And, to complete the analogy to physics, some larger aggregates, such as national and international economies, do not necessarily behave in the fashion that rational choice predicts. We may need a separate theory from rational choice, the equivalent of quantum mechanics, to explain individual behavior and another theory, the equivalent of relativity, to explain the behavior of large aggregates. And, of course, like physics, we shall continue to look for a grand unifying theory that then accommodates all these realms.

The second cautionary note I want to sound is for law and economics to re-establish its ties to the economics profession. an element of the attraction of law and economics in the law has been its non-technical nature; typically, an undergraduate knowledge of micro-economic theory would suffice to do research in the field that was acceptable in the very best law journals. While there will, not doubt, be an incentive to import new economic learning as it is deemed necessary, I worry that the lines of communication between the law and the economics profession are not being tended to. this raises the danger that economics will proceed in one direction and the economics used in law and economics in another. Or, as John Maynard Keynes so aptly put it, "Dictators who prate in the night are distilling the theories of some long-dead economist." Let us hope that never happens to the economics used in the analysis of law.

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Editor: Anna J. Merritt

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UNIVERSITY OF ILLINOIS
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DIRECTOR'S STATEMENT

by Jack H. Knott

As the new director of IGPA, let me extend my greetings to all the readers of the IGPA newsletter. I am pleased to be at the University of Illinois. The University's leaders are committed to achieving the highest standards of scholarship and education and to addressing the practical needs of citizens and communities. IGPA has benefitted over the years from exceptionally talented leaders and a very fine faculty and support staff, laying a wonderful foundation of programs and goodwill on which to build for the future.

Nearing the end of the 20th century is an exciting time to be involved in public affairs. I am reminded of the tremendous changes that occurred at the beginning of this century during the Progressive Era. Corruption and inefficiency in government and the industrialization of the economy spawned a major political and administrative reform movement. The movement created new institutions, such as the secret ballot and the civil service, that substantially changed American government and public policy.

Major changes are also underway today. One important area is the changing role of government in relation to the private economy. Members of society are questioning how government produces and delivers services. How far should privatization go beyond local garbage collection? Which kinds of institutional and legal arrangements

work best in corrections, social welfare, and health care? To address some of these questions, IGPA faculty are working on research and a set of outreach activities in the area of managed health care.

A second issue is the changing relationship between the federal government and the states and localities. People have come to understand better the limitations of centralized policy making and bureaucracy and to appreciate the importance of community control and initiative. The federal government has reduced its financial commitment to some health and welfare programs and given the states much flexibility in carrying them out. In this area, IGPA faculty are examining the effects of the new block grants in social welfare on state economies and budgets.

Greater responsibility and budget authority for state and local government raises the question of capacity at the local level to meet these responsibilities. In addition, the new information economy and international competition have given rise to a new human resource management whose watch words include quality, team work, flexibility, innovation, and participation. An important role for IGPA is the training and education of state and local leaders in policy issues and public management. An example is IGPA's working partnership with the Illinois Municipal League and state government agencies to provide leadership and management training programs in organization change and communication.

Opinion polls and low voter turnout reveal citizen apathy and a lack confidence in government. The news media's coverage of government and public policy has focused increasingly on scandals and ethical controversies, raising important issues for American democracy. Voter distrust has fostered political movements for term limits and campaign finance reform. IGPA faculty are studying the role of public opinion in policy making, including misinformation and prejudicial attitudes, and campaign finance reform. IGPA sponsors the Paul H. Douglas Ethics in Government Award, which includes an educational program centered on questions of ethics in government. In addition, IGPA is partnering with the Illinois Press Association to offer a leadership program for young journalists focused on public affairs.

IGPA maintains one foot in the world of practice and one foot in the University. The institute plays an important role through research in helping to identify issues, assess alternatives, and provide ideas. Faculty learn about the concerns and experiences of policy makers in the "real world," which improves their scholarship and teaching, and policy makers learn about theory and data relevant to their concerns. IGPA offers policy makers, students, and faculty an arena for an open exchange of diverse ideas. As we approach the next century, I look to my role as director of IGPA with enthusiasm and great expectations, building on an already well-established foundation.

FACULTY ACTIVITIES

F. KING ALEXANDER (affiliate, education, UIUC) participated in two international conferences at the University of Oxford in Oxford, England, this summer: the "Oxford Roundtable on Educational Policy" and the "Oxford Roundtable on Residential Colleges." At the same time, Professor Alexander was in the process of leaving the provost's office at the University of Wisconsin-Madison to begin his new job at the University of Illinois.

JOHN BRADEN (affiliate, Water Resources Center, UIUC) co-edited the book *The Economic Theory of Environmental Policy in a Federal System* recently published by Edward Elgar Limited; it is part of a series called "New Horizons in Environmental Economics," which is edited by Wallace Oates, a member of the IGPA National Advisory Committee. The volume contains an essay by IGPA faculty member Tom Ulen; for an excerpt see below.

JAN BRUECKNER (economics, UIUC) spent most of June at the Government Institute for Economic Research in Helsinki, Finland, as a visiting scholar. This fall he will present papers at Tulane University, Vanderbilt University, and the international meeting of the Regional Science Association. Professor Brueckner is also helping the city of Sandwich, Illinois, design a school impact fee system.

LOUIS DeSIPIO (affiliate, political science, UIUC) presented initial research findings on the political behavior of naturalized U.S. citizens at a conference convened by the Social Science Research Council in Santa Fe in May. His research on Latino political values, attitudes, and behaviors led to a lengthy interview on NPR's *All Things Considered*. A recent article on print media constructions of Latino identity appeared in the *Harvard International Journal of Press/Politics* (Vol. 2, No. 3).

RICHARD F. DYE (visiting professor, economics, Lake Forest College) spoke about "Tax Increment Financing in Illinois" at a conference held in Chicago in March and cosponsored by IGPA, the Civic Federation, and the Municipal Planning Council.

J. FRED GIERTZ (economics, UIUC) prepared an evaluation of the economic impact of the University of Illinois for the office of UI Vice-President Sylvia Manning last spring. He also organized a panel on "Contributions of Public Universities to State Decision Making on Tax and Budget Issues" for the LINKS conference held in Springfield in May.

SAMUEL K. GOVE (director emeritus) was honored on October 20 at the reception and induction ceremony for the Samuel K. Gove Illinois Legislative Internship Hall of Fame, which was held in Springfield at the executive mansion. The 1997 inductees were Kurt R. DeWeese (speaker's staff, Illinois House of Representatives), Michael P. Duncan (senior vice president, National Association of Independent Insurers), William S. Hanley (partner and shareholder, Sorling, Northrup, Hanna, Cullen & Cochran), and Lori Spear Montana (director of the Illinois Department of Lottery). The Hall of Fame, begun in 1990, is sponsored by *Illinois Issues* magazine.

DORIS GRABER (affiliate, political science, UIC) spent a good part of the summer far from the shores of Lake Michigan. In May she went to Montreal to participate in two roundtable discussions at the International Communication Association meeting. She spent part of June in Turkey and Greece, and part of July in Eastern Europe, attending the council meetings of the International Society of Political Psychology; and in August she attended the annual meeting of the American Political Science Association in Washington to present a paper on "Building Cyber-Age Information Bridges Between Citizens and Public Agencies."

GEORGE GROSS (electrical and computer engineering, UIUC) organized a major conference on electric retail access held in Springfield on September 5; for a more detailed discussion, see later in this newsletter.

CEDRIC HERRING (sociology, UIC) spoke at the Black Expo in Chicago on July 19 on "Expendability of Poor Blacks:

The Latest Wave of Welfare Reform" and organized a forum on "Blacks on Black Life: A Dialogue with African American Authors and Intellectuals" held in Chicago on July 27.

RUSSELL KOROBKIN (visiting assistant professor of law, UIUC) has had two articles accepted for publication: "Psychology, Economics, and Settlement: A New Look at the Role of the Lawyer" and "The Status Quo Bias and Contract Default Rules." His op-ed piece on physician assisted suicide appeared in the *St. Louis Post-Dispatch* on July 27, 1997.

JIM KUKLINSKI (political science, UIUC) presented research on misinformation at the University of California at San Diego as part of a two-year lecture series that includes nationally known experts from all over the United States; the presentations will be collected in an edited book. Professor Kuklinski is also working on a project for the Civil Rights Division of the U.S. Department of Justice that stems from his research on racial attitudes.

DAVID F. LINOWES (special adviser) recently published two articles: "Privacy in the Workplace in Perspective," *Human Resource Management Review* (Vol. 6, No. 3, Fall 1996) and "How Employers Handle Employees' Personal Information," *Employee Rights and Employment Policy Journal* (Fall 1997).

ANDREW McFARLAND (affiliate, political science, UIC), who became acting head of the Department of Political Science at UIC in January 1997, will continue in that position until August 1998.

THERESE MCGUIRE (urban planning and public affairs, UIC) was the principal investigator for a research contract from the Metropolitan Planning Council that analyzed fiscal disparities among school districts and municipalities in Illinois and modeled the funding system for the 900 plus school districts. The project, which ran from August 1996 to May 1997, involved several other IGPA faculty members and resulted in a number of reports, a large number of meetings, and two workshops for policy makers at which the models were demonstrated.

JAMES D. NOWLAN (former IGPA senior fellow) has received a grant from the Chicago Tribune Foundation to organize a second series of workshops for young journalists for the institute.

ELIZABETH POWERS (economics, UIUC) organized a session for the 84th annual conference of the Illinois Muni-

pal League on "Welfare to Work: The Impact Upon Cities." In June she was a guest on the WILL radio program "Focus 580" to discuss welfare reform in Illinois. In addition, her paper on "Does Means Testing Discourage Saving? Evidence from a Change in AFDC Policy in the United States" has been accepted by the *Journal of Public Economics*, and a paper (co-authored with David Neumark) comparing the SSI welfare program for the aged to a means-tested Social Security program will appear in a book by the Wharton Pension Research Council.

PAUL QUIRK (political science, UIUC) was a participant in a conference on "The Future of Fact" held at the Annenberg School of Communications at the University of Pennsylvania last spring.

BOB RESEK (retired UI vice president for academic affairs, Urbana office) presented testimony on May 8 before the Illinois Senate Committee on Revenue Prospects for the coming year. He also continues to write and edit *Economic Edge*, an institute quarterly that provides information about the Illinois economy and presents data from two indicators of the state's economic situation: the University of Illinois Leading Index and the University of Illinois Coincident Index.

BOB RICH (law, UIUC) stepped down as director of IGPA on August 30 after eleven years in that position. In mid-October he spent ten days visiting several cities in Russia as part of a State Department program that seeks to promote cooperation between U.S. universities and city officials in the Russian Republic.

CAROL SIMON (public health, UIC) offered a poster presentation on "Medicaid Patients' Access to Services in an Expanding Managed Care Environment" at the annual meeting of the Association for Health Services Research held in Chicago in June. She also presented a paper on "The Influence of Managed Care on the Distribution of Physician Earnings" at the Western Economic Association annual meeting held in Seattle in July.

TOM ULEN (law, UIUC) presented papers at the meetings of the European

Law and Economics Association in Barcelona in September, Comparative Law and Economics Forum in Trento in July, and the American Law and Economics Association in Toronto in May.

JIM WARD (education, UIUC) has begun to work with Ted Sanders (president of Southern Illinois University and former state superintendent of schools) on behalf of university presidents and chancellors in Illinois to develop a comprehensive education reform plan for elementary and secondary education in the state.

WILL WHITE (economics, UIC) is working with Carol Simon on plans for a conference for Illinois state and local officials on managed care and medicaid to be held in Chicago next spring.

PERSONNEL NEWS

Jack H. Knott became director of IGPA on September 1. Professor Knott had been at Michigan State University since 1978 and received his Ph.D. in political science in 1977 from the University of California at Berkeley. From 1987 until 1996 he was director of the Institute for Public Policy and Social Research, which he developed from a college-level bureau into a university-wide institute. In 1996 he became head of the Department of Political Science as well as a senior fellow in IPPSR. He serves on the editorial board of *Public Administration Review* and is a reviewer for numerous journals. His areas of interest include institutional analysis, health policy, public administration, public budgeting, regulation, and political economy. Professor Knott's book *Reforming Bureaucracy: The Politics of Institutional Choice* was published in 1987; a recent article, "Who Controls the Bureaucracy? Presidential Power, Congressional Dominance, Legal Constraints, and Bureaucratic Autonomy in a Model of Multi-Institutional Policy Making," appeared in the *Journal of Law, Economics, and Organization* in Spring 1996.

Peter F. Mulhall has been appointed director of IGPA's Center for Prevention Research and Development, succeeding Robert Felner who resigned to accept a position at the University of Rhode Island. Dr. Mulhall has been with CPRD since 1991

and was a research associate and project coordinator for the Illinois School-Community Demonstration Project in the UIUC Department of Community Health in 1988-93. For a description of "the new CPRD" see later in this newsletter.

Cedric Herring was named acting director of the new UIC Institute for Research on Race and Public Policy and is on leave from IGPA. The institute is a multi-cultural research center that examines the intersection of race/ethnicity and public policy in a comparative context. The focus is on policy relevant research that has implications for historically underrepresented people, with particular attention to Latinos and blacks in urban settings. The institute draws on the abilities of those with expertise in urban planning and community economic development, education, the social and behavioral sciences, social work, business, and the health sciences to promote, coordinate, and conduct multicultural and multidisciplinary research designed to improve knowledge and understanding of historically underrepresented groups. Acting in partnership with the community and policy makers, the institute supports action-oriented, socially relevant research that seeks to improve the quality of life and to raise social consciousness on the local, state, national and international levels.

Byron H. Higgins has joined IGPA as a senior fellow and has an office in the Chicago suite. Mr. Higgins served as university counsel from 1984 to 1997; prior to that, he served as legal counsel to Michigan State University and Wayne State University. His main interests are in the area of administrative, education and health care law. He has extensive experience in litigation and litigation management in such areas as medical malpractice, civil rights and contract law. He is also a certified mediator.

Russell Korobkin, a faculty member in the UIUC College of Law, has accepted a visiting appointment in IGPA for this academic year. Prior to coming to the university, he served as a judicial law clerk for the Hon. James L. Buckley of the United States Court of Appeals for the District of Columbia Circuit and practiced law with the private firm of Covington & Burling in Washington, D.C. Professor Korobkin earned his J.D. from Stanford Law School. His research focuses on applying the insights of behav-

ioral decision making research and economic theory to a range of legal and public policy issues.

Shane Greenstein has left the University of Illinois and moved to Northwestern University.

Bart Wechsler notified the university in August that he has accepted a position as dean of the Muskie School of Public Policy at the University of Maine starting in January 1998. Bob Rich has agreed to serve as interim director of the institute's Office of Public Management.

Ken Ludington joined IGPA during the summer as a computer and network consultant through the Departmental User Services program in the UIUC Computing and Communications Services Office (CCSO). Ken is a native of Paris (Illinois) and has a degree in physics from Eastern Illinois University, as well as a degree in meteorology from Florida State. Since meteorologists are not in great demand at the moment anywhere in the country, Ken decided to return to his home state and offer his computer skills to the local market. We are delighted that he chose to do so. Ken and his wife, Tabatha, live in Seymour; Tabatha teaches physics and science in the Kansas, IL, public schools. We should probably also mention that Ken is an avid golfer and showed definite withdrawal symptoms as the cold weather began to set in.

CHICAGO OFFICE MOVES

In August the IGPA Chicago office moved two blocks eastward on Van Buren into a larger, more conveniently (and attractively) arranged suite. The new address is:

IGPA
Suite 525, MC-191
815 W. Van Buren Street
Chicago, IL 60607

Telephone and fax numbers remain the same:

Telephone: 312/996-6188
FAX: 312/996-1404

NATIONAL ADVISORY COMMITTEE

To assist in setting its agenda in the areas of research and service, IGPA established a National Advisory Committee in 1987. Its members come from academia, not-for-profit organizations, and the business world. They serve three-year renewable terms. During this academic year the committee consisted of the following persons:

Helen (Sunny) Ladd, Chair, Duke University
Lawrence Bobo, University of California at Los Angeles
Thomas Campbell, member of the U.S. Congress from California
Richard Frank, Harvard Medical School
William H. Hudnut, Urban Land Institute, Washington, D.C.
Sally Jackson, Greater Columbus (Ohio) Chamber of Commerce
Abner Mikva, former White House Counsel
James D. Nowlan, consultant
Wallace Oates, University of Maryland
Michael Preston, University of Southern California
Nancy Stevenson, Voices for Illinois Children

The committee held its annual fall meeting October 30-31 at The Talbott Hotel in Chicago. Therese McGuire gave the after-dinner presentation on Thursday; she spoke about finance reform efforts for the state's public elementary and secondary schools. Friday meeting offered participants an opportunity to hear from the coordinators of the institute's program areas and to discuss future plans for CPRD and the public finance area.

POLICY SOUNDINGS

In 1995 the institute began a series of half-hour audio tapes known as IGPA Policy Soundings. Each tape presents one or more institute faculty who provide background information on a current issue of public concern and offer policy options for consideration. Susan Nixon produces the series and moderates each discussion. Four tapes were completed in the first year, and another four were produced this past year:

#1 -- "Illinois' Structural Deficit," J. Fred Giertz and Jim Nowlan

#2 -- "Tort Reform," Tom Ulen and David Decker

#3 -- "Medicaid," Bob Rich, Carol Simon, and Will White

#4 -- "Education Reform," Bob Felner

#5 -- "The Challenge of Welfare Reform," Cedric Herring, Therese McGuire, and Elizabeth Powers

#6 -- "Telecommunications Policy," Shane Greenstein

#7 -- "School Finance Reform," Fred Giertz and Jim Ward

#8 -- "Managed Care," Carol Simon and Will White

All of the tapes have been sent to members of the Illinois General Assembly as well as a selected number of other individuals and organizations. Anyone interested in receiving copies of these tapes, should contact the IGPA-Urbana office.

POLICY FORUM

The institute's *Policy Forum* is published four times per academic year. It is distributed fairly widely and is aimed at government, business and community leaders, as well as interested citizens. Associate Director Anna Merritt serves as managing editor for the series. Four issues appeared in Volume 10 for the 1996-97 academic year, and one has appeared so far in this academic year.

"Tax Caps in Illinois: Experience and Issues," by Richard F. Dye and Therese J. McGuire

"Moping About A Monopoly," ("the Microsoft problem") by Shane Greenstein

"Implications of 'Any Willing Provider' Laws," by Carol J. Simon

"The Bad Side of Intergovernmental Competition: Tax Competition and the 'Race to the Bottom'," by Jan Brueckner

"The New Pattern of Power in Illinois: Effective Government, Deadlock, or Tyranny?" by Michael Caldwell

WORKING PAPERS

IGPA puts out occasional papers that are written in an academic style and are produced in limited quantities. Editor for the series is Professor Jim Kuklinski. Since our last newsletter three such papers have been prepared:

#54 -- "Specific Performance: The New Palgrave Dictionary of Economics and the Law," by Thomas S. Ulen

Abstract: When someone breaks an enforceable promise without an excuse, the law allows the innocent party a remedy, either legal relief in the form of money damages or equitable relief in the form of an order for specific performance. The current default remedy in the common-law countries is an award of compensatory money damages. This essay argues that, on the ground of economic efficiency, specific performance ought to be the default remedy for breach of contract. If it were, then contracting parties would form more efficient contracts, would make more efficient pre-performance investments, and would make more efficient decisions about whether and when to breach a contractual promise than is currently the case. In only a limited number of circumstances -- e.g., when the transaction costs between the parties are very high -- ought the court to award compensatory money damages.

#55 -- "Secession: The New Palgrave Dictionary of Economics and the Law," by Thomas S. Ulen

Abstract: There has been a dramatic increase in the number of secessionist movements around the world and even within the United States. For example, Yugoslavia, Czechoslovakia, and the former Soviet Union have all separated into constituent parts. And the citizens of Staten Island have voted to secede from New York City. Surprisingly, there has been very little scholarship on the advisability of secession. This paper surveys and criticizes a consent and amoral theory of secession. In their place, the author proposes an economic theory of how those contemplating the creation of a government ought to think about the desirability of secession and the conditions under which it ought to

occur. That theory argues, first, that it would be a mistake to say nothing explicit about secession and instead to rely on negotiations in the event that there is a demand to secede. Second, the theory argues that easy secession would be inefficient because it would discourage long-term investment in possibly-seceding areas and encourage strategic behavior by dissidents. Third, the theory argues that forbidding secession might discourage nation-formation and encourage armed rebellion. Finally, the theory argues for an explicit right to secede but only under restrictive conditions, such as a requirement of a super-majority vote by the seceders, and for government structures and constitutional rights that reduce the demand for secession. These conditions should channel all but the most serious disputes into the usual political institutions.

#56 -- "Do Local Governments Engage in Strategic Property-Tax Competition?" by Jan K. Brueckner and Luz Saavedra

Abstract: This paper uses spatial econometric methods to investigate property-tax competition among local governments. Our theoretical model follows from the literature on fiscal competition, in which local jurisdictions affect the policies of other jurisdictions through their impact on the flow of taxable resources in or out of these jurisdictions. Each jurisdiction engages in Nash behavior, choosing its own property-tax rate treating the taxes set by the other jurisdictions as given. A "spatial-lag" econometric model allows us to specify the property-tax rate of one community as a function of the tax rates of competing communities, and thereby to estimate the slope parameter of the representative reaction function. The estimation uses cross-section data on property taxes and other socio-economic variables for cities in the Boston metropolitan area. Results are presented for the periods before and after imposition of Proposition 2½, a tax-limitation measure. After controlling for other determinants of tax rates, we find that property taxes are positively and significantly interdependent for the two different periods. This provides evidence that strategic interaction among local governments does occur in the choice of property-tax rates.

* * * * *

CENTER FOR PREVENTION RESEARCH AND DEVELOPMENT

[Editor's note: CPRD has been existence since 1989. Under its new director, Peter Mulhall who was appointed last summer, the center's staff is reassessing its mission and purpose. The following description represents a step in this direction.]

The Center for Prevention Research and Development (CPRD) is a division of the Institute of Government and Public Affairs (IGPA) at the University of Illinois. CPRD falls within IGPA's programmatic area of applied research in poverty, social problems, and urban policy. Through policy analysis, applied research and evaluation, and professional development/training, CPRD works to prevent social, educational, and health problems in at-risk populations throughout the state. CPRD has created successful and long-term partnerships with local, state, and national agencies and foundations to develop solutions for emerging educational, social, and economic challenges that the nation faces as it moves into the 21st century.

The mission of CPRD is to improve the lives of children and families, particularly those in disadvantaged environments, by serving as a resource for local communities, state agencies and university community. CPRD is dedicated to the development and application of knowledge to public policy which impacts the lives of children and families. CPRD seeks to support public policy in three primary ways: 1) improving human resource capacity through training; 2) improving practice through research and evaluation; and 3) disseminating findings to inform policy development. Taken together, these efforts help facilitate the application of research to the issues confronting decision makers and others who address public issues.

Research projects in process include:

Illinois Department of Alcohol and Substance Abuse (1989-present)

- developed an innovative statewide outcomes monitoring system
- conducted training to enhance community agency capacity for internal outcomes evaluation

- created the Illinois Risk and Resiliency Assessment database that profiles needs and strengths in Illinois municipalities, counties and Chicago neighborhoods
- provides ongoing assistance for statewide strategic planning and preventing system enhancement

School Reform Initiatives (1989-present)

- funded by the Carnegie Corporation, the Lilly Endowment, and the Kellogg Foundation
- support school reform in Illinois and other states since 1989 through evaluation services, technical assistance, and training
- collaborate with the Illinois State board of Education, the Association of Illinois Middle Schools, the Coalition of Essential Schools, and the Association of Illinois High Schools
- collected data from 600 schools nationwide from the study, representing 200,000 youth and 17,000 teachers
- designed a continuous feedback system to help participating schools plan and monitor for school improvement

United States Department of Education (1991-1993, 1996-present)

- developed and integrated a model drug abuse prevention program for middle level schools through teacher training, program implementation and evaluation

United States Center for Substance Abuse Prevention (1991-present)

- High Risk Youth Initiative
 - conduct intensive process and outcome evaluation for programs that serve disadvantaged and "high risk" youth
 - provide ongoing assistance in program development
- Community Prevention Coalition Initiative
 - design and implement community needs assessments
 - implement process and outcome evaluations to assist communities

organizing around the prevention of alcohol, tobacco, and other drug abuse

Prevention First, Inc. (1992-present)

- conduct training in needs assessment, process evaluation, and outcome evaluation
- provide technical assistance to substance abuse prevention program managers regarding best practices
- review DASA-funded substance abuse prevention grants annually

United States Center for Substance Abuse Treatment (1993-present)

- evaluate effectiveness of innovative substance abuse treatment services uniquely designed for female clients
- monitor changes in developmental and educational status of clients' dependent children

Illinois Department of Children and Family Service (1995-present)

- investigating the educational experiences and outcomes of youth who are wards of the state
- working with DCFS and ISBE to develop a management information system to permit tracking of educational outcomes of wards

Valeska Hinton Early Childhood Education Center (1995-present)

- developed and implemented a longitudinal study of a multidimensional approach to early childhood education among disadvantaged families
- assess unmet family needs, factors affecting parent involvement in education, and the effectiveness of a "one-stop" integrated design for service delivery

ELECTRIC RETAIL ACCESS CONFERENCE

by George Gross (professor in IGPA and the UIUC Department of Electrical and Computer Engineering)

The nearly 200 attendees at this year's Implementing Electric Retail Access in Illinois," which was held in Springfield on September 5, 1997 were exposed to some

of the key challenges in moving to competitive retail electricity markets in Illinois. This year's workshop organized jointly by IGPA and the Institute for Regulatory Policy Studies at Illinois State University, Normal, provided an excellent forum for exchanging views by legislators, regulators, members of the electricity industry, consumer advocates, financial institution representatives and academics. With addresses by legislators from both the House and the Senate, the key issues in the enactment of legislation in Illinois received ample focus. Sessions on the infrastructural requirements, restructuring impacts on residential customers, tariff design/pricing and securitization of stranded costs allowed the participants to learn first-hand the most pressing challenges in the implementation of retail wheeling in the state of Illinois.

The timing of this conference was most appropriate given the extensive work done in the Illinois General Assembly in the last legislative session and consideration of the proposed legislation by the Senate in the veto session. The extensive discussions that followed the presentations and the wide-ranging deliberations on key aspects of restructuring from the various stakeholders' viewpoints allowed participants to become familiar with the issues confronting policy makers in establishment of a sound framework for efficient competition in electricity for the state.

SYMPOSIUM ON HEALTH CARE SYSTEM

On December 6 IGPA and the *Illinois Law Review* will cosponsor a conference that poses the question, "Is America's Health Care System in Mortal Peril?" A group of nationally recognized scholars will gather at the UIUC College of Law to critique *Mortal Peril: Our Inalienable Right to Health Care* by Richard A. Epstein, the James Parker Hall Distinguished Service Professor at the University of Chicago Law School.

Our national preoccupation with providing a variety of "rights" to health care, Epstein argues, is threatening our national health. To remedy these ills, Epstein calls for a social order devoid of rights to health care, where each

individual is guaranteed only the opportunity to contract for health care services in the open market. To support his argument, Epstein analyzes in detail state and federal laws that regulate the private provision of health care, President Clinton's successful effort at nationwide health care reform, the medicare system, legal controls of organ donation and physician-assisted suicide, and the malpractice liability system.

Papers presented at the meeting will be published in the *Illinois Law Review*. Interested scholars, policy makers, students, and members of the community are invited to attend. IGPA organizers of the event are Russell Korobkin and Tom Ulen.

ACADEMY FOR MUNICIPAL EXCELLENCE

The Institute of Government and Public Affairs, the Illinois Municipal League, and the Partnership Illinois Program of the University of Illinois at Urbana-Champaign have established the Academy for Municipal Excellence. The Academy is offering a training course entitled "Leadership Enhancement And Development" (LEAD). The course is designed to help officials become more effective and efficient leaders and administrators. Experts from municipal and state government and the private sector, as well as University of Illinois faculty, serve as instructors for this course.

LEAD consists of six two-day sessions covering essential skills and information for effective and efficient municipal leadership and administration. These six sessions are scheduled over the course of a year at two-month intervals. The first three sessions focus on specific skills necessary for today's municipal leaders. The next three sessions present basic information on key areas and issues in municipal government. Sessions alternate between the University of Illinois campuses at Urbana, Springfield and Chicago. The cost for the 6-session course is \$695.00.

The curriculum was developed by asking successful second-and third-

term mayors and other elected officials a key question: Looking back on your career, what is it that you needed to know and what skills did you need to have in your first term?

The six sessions are:

- Enhancing Leadership Skills I (August 1-2, 1997), Urbana
- Enhancing Leadership Skills II (October 3-4, 1997), Springfield
- Exploring the future of Local Government (December 5-6, 1997), Chicago
- Mastering Financial and Strategic Planning (February 6-7, 1998), Urbana
- Exploring Issues in Public Safety/Public Works (April 3-4, 1998), Springfield
- Enhancing Community Development (June 5-6, 1998), Urbana

WORKSHOP FOR GOVERNMENT LEADERS

Over the past two years, the Institute of Government and Public Affairs has consulted with a growing number of agencies in state and local government. Our relationship with government officials has provided an opportunity for us to participate in the formulation of strategic plans and in program evaluation. In addition we have designed and presented several workshops and developmental programs for senior managers. These efforts have increased our awareness of some important issues that leaders in the public sector are being asked to deal with. This experience has enabled us to frame these issues and articulate them in conversations with academic colleagues whose teaching and research interests are in the area of public policy and organizational development. "Leadership Challenges: Preparing for the 21st Century," held at the UIUC Levis Faculty Center on October 21-23, was the first in a continuing series of programs that will bring together government leaders and academicians in a forum created for learning and development. The 22 participants came from a variety of state and local government agencies; all were in policy-making positions. The two-and-a-half day program covered several topics:

"Overview and Framework: Elements of Change" -- Robert F. Rich (IGPA)

"Managing Change: Steering Organizations Through Crisis to Renewal" -- David K. Hurst (University of Western Ontario, National Center for Management Research and Development)

"Leadership Challenges and the Communications-Intensive Organization" -- Stephen R. Axley (Western Illinois University)

"Maps vs. Compasses: Building Direction and Decision Strategies" -- Robert F. Rich

IGPA Director Jack Knott welcomed the participants at the opening session, and UI Vice President Sylvia Manning addressed the group during dinner on the first day.

THE ECONOMIC CYCLES OF FEDERALISM

by Thomas S. Ulen (professor in IGPA and the UIUC College of Law)

[Editor's note: The following excerpts are taken from a chapter in the volume *The Economic Theory of Environmental Policy in a Federal System*, edited by IGPA affiliate John Braden and recently published by Edward Elgar Publishing Limited.]

Introduction. Federalism describes the arrangement under which a group of equally sovereign states combine to form a union in which they cede some sovereignty to a central government but retain some sovereignty, too. To use an economic analogy, the formation of a federation is like the merger of independent firms. But the analogy is not precise. Some economic mergers are of limited scope and duration (e.g., for the purpose of pursuing a joint advertising campaign for a few months) while others are complete (e.g., the extinction of the independent firms and the creation of an entirely new business entity). Political mergers are usually between these extremes: the members of the federation do not disappear but retain some measure of sovereignty and the arrangement is meant to last for an indefinite (usually, long) period.

Presumably, when independent countries first form a federation, they perceive the benefits of the arrangement to exceed the costs. And, presumably, they establish the particular institutions of the federation (the representation rules, jurisdictional competence, voting rules, and the like) so as to maximize the excess of benefits over costs. However, the affairs of the union and of the constituent states may change over time such that either the costs of remaining united will temporarily exceed the benefits or the benefits of union can only be realized under a different institutional structure. The ideally designed federal system will anticipate these periods, distinguish between those episodes that call for dissolution of the federation and those that call for restructuring, and provide sufficiently flexible institutions so as to adjust optimally to the changes.

The purpose of this chapter is to offer a tentative explanation of some of the dynamic forces facing a federation. I shall do this by elaborating an economic theory of federalism. By identifying the economic forces that create costs and benefits in a federation, I seek to suggest how real factors cause those costs and benefits to change over time and, therefore, give rise to pressures to amend (or dissolve) the federation. The central focus will be on the appropriate division of governmental responsibility between

the constituent states and the federal government. And I hope also to show that as the factors that explain this appropriate division change, the assignment of governmental responsibilities ought to change. Thus, there may be periods in which the central government in the federation is weak and its duties narrowly defined and other periods in which the central government is strong and its powers wide. This suggests that, even in an ideally defined federation, the relationship between the central government and the constituent state governments cannot be immutably fixed. The appropriate division of responsibility should, instead, vary between the center and its constituents.

In the [first] section, an economic theory of federalism will be presented and how this theory can explain shifts in the appropriate division of authority between the central government and the states will be shown. Then, the next section will briefly review the history of federalism in the United States to show that the federal experiment has seen periodic changes in the division of responsibility between the national and state governments and that these changes can be explained using the economic theory of federalism. The concluding section summarizes the argument and shows its application to some of the issues facing the European Union.

Conclusion. For countries and regions that are implementing or, as in the European Union, redesigning federal

systems, the lessons of the economic theory of federalism are clear. First, there are economic factors that determine the benefits and costs of affiliating in a federation. These factors arise both from straightforward microeconomic theory and from public-choice theory. No federation should ignore these factors in devising its institutions and the rules governing them.

Thus, the Intergovernmental Conference of 1996-98 in the European Union should carefully consider how its principles – e.g., subsidiarity – fit into the economic framework of federalism. Secondly, real forces of change in the political, economic and social fabric of the nations in a federation will cause changes in the costs and benefits of affiliation in a federation and in the particular institutions of the federation. No one should expect the relationship between the central government and the constituent state governments in a federal system to be immutable. There will be changes. The economic theory of federalism can help to identify the circumstances under which the rules and institutions of the federation will and ought to change. A federal system that does not prepare for these changes may be subject to periodic constitutional crises when underlying economic and other forces call for a change in the appropriate division of authority.

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DIRECTOR'S STATEMENT

by Jack H. Knott

Serving as the new director of IGPA has afforded me the opportunity to reflect on the role of a university-based public affairs institute. Although it comes as a surprise to some policy makers and business people, the basic scholarly and educational missions of a university do not lend themselves easily to solving the pressing problems of communities.

A public affairs institute does not displace the basic educational and scholarly missions of the university but rather provides the institutional incentives and organizational infrastructure for connecting the missions to the needs of policy makers and citizens. Individual faculty possess considerable knowledge and expertise on a wide range of policy subjects. However, they do not typically have the time nor do they receive rewards for providing technical assistance, conducting applied research, planning conferences, or producing publications targeted to policy makers.

IGPA changes these time constraints and rewards in a variety of ways. The institute somewhat alters the mix of teaching loads for faculty from conventional courses in university classrooms to non-traditional workshops, seminars, and public affairs sessions for policy makers, professional practitioners, and the general public. The institute also is concerned with translating and communicating policy ideas and expertise to those in positions of authority

to affect change. The institute contracts with professionals to work with faculty to translate their expertise and research findings into audio tapes or short policy briefing papers. The institute also employs professionals who help plan conferences, colloquia, and other presentations that foster an exchange of policy ideas among participants from diverse backgrounds.

Just as important, the institute maintains one foot in the world of practice and the other foot in the university. The non-traditional educational seminars which the institute sponsors sometimes lead to discussions between policy makers and faculty that suggest other ways in which faculty might serve the needs of agencies or citizens. Faculty sometimes gain insight through these interactions that offer new opportunities for data collection, learning and scholarship.

On a continuum that includes pure research, applied research, policy analysis, research broker, and decision maker, the university makes its greatest contribution in the first two of these five groupings, which we might label policy research. The faculty cannot serve as an extended technical or policy analysis staff for the legislature or executive agencies nor substitute for political decision making. Research often takes too much time to be completed for a legislative decision and may not address the exact question under deliberation. Policy makers choose legislative options for political reasons regardless of the analytical information available to them. Scholar-

ship, therefore, can contribute to policy making but has important limitations that need to be understood by policy makers and faculty.

On the other hand, universities or faculty who seek to peddle advice and expertise to policy makers, perhaps under the pressure to be "relevant" and to "make a contribution to the state," without a solid and high quality research base to their efforts are not much better than charlatans. What is relevant is also an empirical question, not just a matter of ideology. While research is expensive, frustrating, and time consuming, without it university faculty have no more special claim to authoritative advice than other interest groups.

A university institute of public affairs should offer policy makers an arena for a non-partisan and non-threatening exchange of ideas. When legislators are in the Capitol and on the floor of the legislative chambers, they are engaged in a political process. By holding workshops and seminars that involve policy makers interacting with each other, the institute offers a "safe place" for political partisans in Thomas Jefferson's words, "to be led by reason and persuasion." IGPA also supports the exchange and presentation of ideas from a variety of viewpoints. We expect students, faculty and policy makers to hear not only the conventional story or one side of an issue. Our goal is to sponsor speakers and lecturers who are of high quality and who have ideas worth listening to from diverse perspectives.

FACULTY ACTIVITIES

ANDREA BELLER (affiliate, agricultural and consumer economics, UIUC) was recently appointed to the National Advisory Board for the Institute for Research on Poverty Evaluation of the Wisconsin Works Child Support Demonstration.

JOHN BRADEN (affiliate, agricultural and consumer economics, UIUC) has been appointed associate provost effective March 16, 1998. In this position he will staff the Teaching Advancement Board and will assist the Provost on faculty related matters. He will also assume some responsibilities associated with planning and budgeting.

JAN BRUECKNER (economics, UIUC) presented two papers at the ASSA meetings in Chicago and will present seminars this semester at Indiana University, University of Kentucky, Miami University (Ohio), and Virginia Tech. He also wrote an article called "Computing School Impact Fees" that will appear soon in the Illinois Municipal League Magazine.

MICHAEL CALDWELL (political science, UIUC) has a half-time appointment in IGPA for the 1997-98 academic year courtesy of the Department of Political Science. *Comparative State Politics* reprinted Professor Caldwell's essay, "The New Pattern of Power in Illinois: Effective Government, Deadlock, or Tyranny?" in its February 1998 issue; the essay first appeared as an IGPA POLICY FORUM (Volume 11, Number 1, 1997).

LOUIS DeSIPIO (affiliate, political science, UIUC) conducted a briefing at the New York consulate of Colombia on his research on the public policy needs of Colombians and Dominicans in the New York and Northern New Jersey area.

J. FRED GIERTZ (economics, UIUC) prepared a report on various estimates of tax burdens for the "Tax Expenditure Report" published by the Illinois Office of the Comptroller, visited with members of Chancellor Michael Aiken's cabinet on December 18 to talk about the Illinois economy and its impact on

the university, and appeared (with Jim Ward) as a guest on the WILL-AM Focus 580 radio program on January 12, 1998, to talk about "Illinois School Funding Reform."

SAMUEL K. GOVE (director emeritus) was quoted in the December 28, 1997, issue of *The State Journal-Register* in an editorial about the Illinois lottery system as saying: "I would guess that if you looked at the people who are on the casino boats, those people don't vote." On January 8 Professor Gove served on a panel during a day-long review of Richard B. Ogilvie's governorship, which was organized by the City Club of Chicago and held at the Chicago Hilton and Towers.

C. K. (TINA) GUNSALUS (affiliate, associate provost, UIUC), who is preparing a contract paper for the National Bioethics Advisory Commission, testified at their December meeting in Washington, D. C. She has also had two papers published in *Science and Engineering Ethics*, as well as an opinion piece in *The Scientist*.

BYRON HIGGINS (senior fellow) is working with Cook County officials in developing a program for a strategic planning retreat for senior level Cook County officials. He is also doing research on the issue of the separation of powers and the implication of the amendatory veto in Illinois.

RUSSELL KOROBKIN (law, UIUC) published "Psychology, Economics, and Settlement: A New Look at the Role of the Lawyer," in the November 1997 issue of the *Texas Law Review*. He also published "The Status Quo Bias and Contract Default Rules," (available as IGPA Working Paper #59) in the March 1998 issue of the *Cornell Law Review*, and gave invited presentations of this article at Stanford Law School, Pennsylvania State Law School, and a National Bureau of Economic Research conference on behavioral law and economics. Along with Professor Tom Ulen, he organized a December 1997 conference on Health Care Law and Policy, at which he presented a paper entitled "Determining Health Care Rights From Behind the Veil of Ignorance," (IGPA Working Paper #58). He and Professor Ulen also recorded an IGPA "Policy Soundings" tape (#9) on the issue of physician-assisted suicide.

RICHARD KOSOBUD (affiliate, economics, UIUC) was featured in a recent article in the UIC News under the headline "Clean air through capitalism: economist sees market as weapon against pollution."

THERESE J. MCGUIRE (urban planning and policy, UIUC) was elected vice president of the National Tax Association at the association's annual meeting in Chicago in early November 1997. On November 5 Professor McGuire presented a report written with Leslie Papke and Stephen Mark to the District of Columbia Tax Revision Commission, a blue-ribbon panel charged with examining and making recommendations for reform of the tax system in the District. The report presented new evidence on the question of whether taxes influence where people live and where businesses locate. The authors compared the District of Columbia to its neighboring suburbs in Maryland and Virginia and did not find taxes to be an important influence on population or employment. Professor McGuire also presented two papers at the Annual Conference of APPAM in DC November 6-8, 1997.

STUART NAGEL (affiliate, liberal arts & sciences, UIUC) will present a workshop on "Win-Win Policy in State Government Problems" at the LINKS conference in Boston in April.

CHARLES ORLEBEKE (affiliate, urban planning and policy, UIUC) is a member of the board of governors of the Metropolitan Planning Council and recently completed a book entitled *New Life at Ground Zero: New York, Home Ownership, and the Future of American Cities*, published by the Rockefeller Institute Press.

ELIZABETH T. POWERS (economics, UIUC) organized a session on "Welfare to Work: The Impact upon Cities," for the 84th annual conference of the Illinois Municipal League, held in Chicago in September; the session was attended by over 75 local government officials and featured a speech by B. J. Walker, director of community relations for the Illinois Department of Human Services. In November she gave a seminar at the W.E. Upjohn Institute for Employment Research in Kalamazoo, Michigan, and presented a paper on "Block Granting

Welfare: The Outlook for State Budgets" in the opening general session of the National Tax Association meetings. In addition, Professor Powers and Andrea Beller (IGPA affiliate) were awarded a grant from the Council on Food and Agricultural Research Internal Competitive Grants Program in the College of Agriculture to study "Establishing Paternity Under Welfare Reform in Rural Illinois Counties."

PAUL QUIRK (political science, UIUC) has published "The Elections and the Presidency" (with Sean Matheson), in Michael Nelson, ed. *The Elections of 1996* (CQ Press, 1997), and updated versions of two chapters, "Presidential Competence," and "Divided Government and Policymaking: Negotiating the Laws" (with Bruce Nesmith), in Nelson, ed. *The Presidency and the Political System* (CQ Press, 1998). He presented a paper on "Bias in Mass Opinion" (with James Kuklinski) and appeared on a roundtable on Deliberative Democracy at the September meetings of the American Political Science Association. His article on "The Rising Hegemony of Mass Opinion" (with Joseph Hinchliffe) is forthcoming in the *Journal of Policy History*. In recent months he has been interviewed on National Public Radio, CNN Headline News, and BBC Radio, and WDWS along with appearances on WILL-TV, WCIA-TV, and other local news outlets.

KENT D. REDFIELD (Illinois Legislative Studies Center, UIS) received a \$145,000 grant last fall from the Joyce Foundation to continue his campaign finance research under the title of the Sunshine Project. The grant, which runs from September 1997 to February 2000, will allow him to finish building a receipt and expenditure data base for the 1994 and 1996 election cycles for legislative and constitutional officer elections in Illinois and then add data from the 1998 elections. Under the terms of the grant he will also prepare a second edition of *Cash Clout*.

ROBERT RESEK (retired UI vice president for academic affairs) gave a presentation (with Fred Giertz) to President James Stukel, General

University Officers and his staff on "The Illinois Economy and Illinois Revenue" in October and a similar revised presentation to Chancellor Aiken and his cabinet in December. In January he gave a presentation to the Illinois Economic and Fiscal Commission on "The Asian Economic Crisis and its Impact on the US and Illinois."

ROBERT F. RICH (law, UIUC) was a guest professor at the Hochschule fuer Wirtschaft und Politik in Hamburg from October 31 to November 15, as part of a special series funded by the German Marshall Fund entitled "Guest Lectures by Distinguished Americans at German Institutions." He gave four lectures: "The Future of the Social-Welfare State"; "Federalism in the United States: Implications for the European Union"; "Health Policy in the United States"; and "Trends in Public Management." He was also part of a State Department delegation to Russia in October to explore exchanges in public policy research and executive development and was a presenter at the joint Law/IGPA conference on "Is Our Health Care System in Mortal Peril?" on December 6.

CAROL SIMON (public health, UIC) was appointed to the Agency for Health Care Policy and Research (U.S. Dept of Health and Human Services) Study Section on Health Care Quality and Effectiveness Research; her term runs through June 2001. The study section provides expert review of scientific and technical merits of federal research/grant applications in areas of health services research. She also published papers on the impact of managed care on primary care services (with Will White, et al.) in the November 1997 issue of *Health Affairs* and the physician marketplace (with Will White, David Dranove and Patty Bom) in *Managed Care and Health Care Markets*, published by the American Enterprise Institute Press. During the winter Professor Simon presented testimony to the Subcommittee on Managed Care of the Illinois State Senate Insurance Committee.

TOM ULEN (law, UIUC) published a book with Ken Dau-Schmidt, a law professor at Indiana University, entitled *A Law and Economics Anthology*. He and Russell Korobkin organized a symposium, co-sponsored by IGPA and the law school, on Professor Richard Ep-

stein's book, *Mortal Peril: Our Inalienable Right to Health Care?* The symposium brought together some of the leading scholars in the country on health law issues on December 6, 1997. The proceedings will be published in the Spring by the University of Illinois Law Review. In March Ulen and Korobkin will present a paper on law and behavioral decision theory at a conference at Vanderbilt University School of Law, and Ulen and Reinier Kraakman of Harvard Law School will give the lead papers at the Travemunde Symposium on Law and Economics in Hamburg, Germany. In addition, Professor Ulen has been invited to be a visiting scholar at the Max-Planck-Institute for the Study of Economic Systems and Institutions at the University of Jena, Germany, this summer.

JIM WARD (education, UIUC) met with Illinois community college presidents and representatives of the Illinois Community College Board during the fall semester to design the new Community College Executive Leadership Program (CCELP), which Ward co-coordinates. The CCELP, which will begin in summer 1998, is a doctoral program designed for community college presidents, vice presidents, and deans. Ward also serves on the governing board of the Forum for Research in Education in Illinois (FIRE), a cooperative venture of the University of Illinois, the Illinois State Board of Education, the North Central Regional Educational Laboratory, the Chicago Education Alliance, and the Ball Foundation, to bring together university-based researchers, policy makers, and educational practitioners to design a common educational policy research agenda for the state. On January 13 he co-hosted a meeting of selected College of Education faculty and the Illinois House Elementary and Secondary Education Committee for a day-long briefing on educational policy issues in Illinois.

For a monthly update of Illinois economic indicators, revenue estimates and economic forecasts, see:
www.igpa.uiuc.edu/forum/

PERSONNEL NEWS

Abner Mikva has accepted an offer to become a senior fellow in IGPA and a visiting faculty member in the UIUC College of Law starting in August 1998. His IGPA office will be on the Chicago campus. During his long and distinguished career, Judge Mikva was elected to the Illinois General Assembly as well as the United States Congress; in 1979 he resigned from Congress to accept an appointment as judge on the U.S. Court of Appeals for the District of Columbia Circuit, and served as chief judge from January 1991 until September 1994. Between October 1994 and November 1995 he served as White House counsel. For the past several years Ab Mikva has been a member of the institute's National Advisory Committee and was recently awarded the Paul H. Douglas Ethics in Government Award.

Brenda Eheart, executive director of Hope For The Children, joined the institute on January 1, 1998, as a visiting research scholar. She has a Ph.D. in child development from the University of Wisconsin at Madison and has been at the University of Illinois since 1979. Professor Eheart is a consultant to Hillary Rodham Clinton's office on foster care and adoption, received the *Family Circle* Women Who Make a Difference Award in November 1996 and was one of *MS Magazine's* Women of the Year in 1997.

Hope For The Children is a licensed foster care and adoption agency within the subdivision Hope Meadows, a planned community that was created in 1994. Hope Meadows utilizes housing on the former air force training base in Rantoul and is home to 56 senior citizens as well as 13 HOPE families and their 35 children. Seventy-five percent of HOPE's annual budget comes from the state of Illinois through the Department of Children and Family Services; 20 percent from senior rentals at Hope Meadows, and 5 percent from donations and small grants.

WORKING PAPERS

Several institute working papers have appeared since our fall newsletter; copies of these papers and other IGPA publications -- as well as a list of current publications -- may be obtained by contacting the institute's Urbana office or looking at our web site.

#57 -- "Political Institutions, Public Management, and Policy Choice," by Thomas Hammond and Jack H. Knott

Abstract: Over the past three decades, the literature on political institutions and policy choice has diverged so much from the literature on public management that they now have little in common. Contemporary theories of political institutions and policy choice increasingly rest on foundations laid by economists and political scientists working with rational choice assumptions. One purpose of these theories is to abstract away from the messy situational details, personalities, and leadership issues with which discussions of public management have long been concerned. Our goal in this paper is to suggest some ways of joining these two bodies of literature back together. In particular, we explore the implications which one formal theory of political institutions and policy choice—see Hammond and Knott (1996)—may have for understanding the constraints and opportunities faced by public managers.

We focus on two problems in public management. First, when the political environment places immovable constraints on public managers, what does the theory of political institutions and policy choice tell us about the conditions under which they can achieve their policy goals? Second, when the constraints of the political environment can be loosened, what can this theory tell us about the "issue framing" strategies which public managers should use to achieve their policy goals?

#58 -- "Determining Health Care Right from Behind a Veil of Ignorance," by Russell Korobkin

Abstract: Should our society establish rights to health care that each citizen could claim, as many health policy analysts believe? Or should it provide only background rules of contract and property law and leave the provision of health care to the free market, as

Richard Epstein advocates in *Mortal Peril: Our Inalienable Right to Health Care?*, his recent critique of the American health care system? This paper argues that this question should be addressed from the Rawlsian "veil of ignorance" perspective. That is, the question should be answered by asking what kind of society would individuals agree to form if they had no knowledge of their individual skills or endowments; if they did not know whether they were rich or poor, healthy or sick, weak or strong.

The paper argues that individuals behind such a veil of ignorance would balance their inherent risk aversion (which favors a safety net of "rights") against the inefficient incentives created by rights regimes that would reduce net social wealth (which favors a free market). Whether they would choose to establish rights to health care or not is ultimately an empirical question that turns on how inefficient any particular right would be. The question thus requires a case by case analysis of proposed rights. The paper then goes on to consider the policy issues of (1) community rating of private health insurance and (2) the mandated provision of emergency medical care, concluding that in these cases the inefficient incentives created by establishing rights are probably small and/or controllable enough to lead individuals behind the veil of ignorance to favor rights in these areas.

#59 -- "The Status Quo Bias and Contract Default Rules," by Russell Korobkin

Abstract: The rich law and economics literature on contract default rules—that is, terms that govern relationships between contracting parties only if those parties do not explicitly agree to other terms—presumes that the legal system's choice of default rules will not affect individual negotiators' underlying preferences for contract terms. Judgment and decision-making literature on the status quo bias suggests that if bargainers perceive default terms as part of the status quo they will prefer the substantive content of those terms more than they would if other terms were the legal defaults. This paper presents a study designed to test this hypothesis.

151 law students were asked to provide advice to a client in a number

of hypothetical contract negotiation scenarios with the content of the default terms manipulated between experimental groups. The results suggest that the choice of legal default terms affects not only what terms contracting parties will agree upon but also what terms they actually prefer. The paper presents the experimental results, considers various theoretical explanations for the results, and suggests how the results should impact legal scholars' analysis of what contract default rules are optimally efficient.

#60 – "Physician-Assisted Death Legislation: Issues and Preliminary Responses," by Russell Korobkin

Abstract: In two landmark rulings issued in the summer of 1997, the Supreme Court determined that legislators, not courts, should determine whether physician-assisted death should be permitted. Oregon is currently the only state in which physician-assisted death is legal, but at least 10 other states considered (but did not enact) bills in 1997 that would legalize the practice, and many more are certain to revisit the issue in upcoming years in light of the Supreme Court's rulings. This paper examines the key problems that legislation to establish physician-assisted death must confront—that is, the important implementation issues that are nearly always ignored in the broader debate over the morality and efficacy of physician-assisted death. As a point of reference, the paper reviews, contrasts, and critiques the Oregon assisted suicide law and the 10 proposals recently considered in other states.

#61 – "Efficiency and Equity: What Can Be Gained by Combining Coase and Rawls?," by Russell B. Korobkin and Thomas S. Ulen

Abstract: In one of the founding articles of law and economics, Professor Ronald Coase outlined the Coase Theorem: when transaction costs are zero, people will use resources efficiently, regardless of the law. An important implication of the theorem is that in settings of low transaction costs, it does not matter how the law assigns initial legal entitlements: bargaining will move

the entitlement to the highest-valuing user. Among the criticisms of the theorem has been the contention that this and other legal implications ignore the distributional or equitable consequences of legal rules. A recent article by Professors Swygert and Yanes seeks to correct this equitable shortcoming of the Coase Theorem by importing the Rawlsian notion of decisionmaking behind a veil of ignorance. Swygert and Yanes propose that parties should select legal rules, including initial entitlements, as if they did not know what position they might occupy—that is, "behind a veil of ignorance" as to how the rule would affect them personally. Because most people are risk averse, Swygert and Yanes believe that they will choose legal rules that lead to an equal split of all cooperative surpluses.

Korobkin and Ulen recognize the importance of introducing equitable considerations into legal rulemaking but take issue with Swygert and Yanes' proposal. First, they show that there is a better method of introducing distributional views into the assignment of initial entitlements—the "market contrarian" approach. They explain that approach and show how "super liability" rules might efficiently and equitably protect the distributional goal that market contrarianism seeks to achieve. Second, Korobkin and Ulen take issue with the central premise of the Swygert and Yanes proposal. Invoking the Second Fundamental Theorem of Welfare Economics, they argue that in some circumstances efficiency and equity are separable. When they are, the law should not seek to achieve both goals with one rule; rather, the law could better serve both goals by using two separate steps: one set of rules designed to further efficiency, and another set, such as tax-and-transfer policies, to reach equitable goals.

NEW AUDIO TAPE

"Death With Dignity: Whose Right Is It?" featuring Professors Tom Ulen and Russell Korobkin, is the ninth tape in IGPA's POLICY SOUNDINGS series. The half-hour tape deals with the 1997 U.S. Supreme Court ruling that the right to die is a matter to be resolved by state legislatures and the reaffirmation by Oregon voters (also in 1997) that physician-assisted suicide would be permitted under certain conditions

in that state, as well as the implications of these decisions. Ulen and Korobkin also discuss some of the issues currently confronting policy makers as they wrestle with this legally and ethically complex topic.

ETHICS IN GOVERNMENT PROGRAM

On March 10 the Paul H. Douglas Ethics in Government Award was presented to Abner J. Mikva at a ceremony held in the Dirksen Senate Office Building in Washington, D.C. The award is part of a program honoring the late senator from Illinois. It was established in 1992 and is supported by a \$200,000 endowment fund raised by friends and members of the Douglas family. In addition to an annual award, the program consists of an education component, which will be held this year on April 9 on the Urbana campus. Several government leaders have been invited to visit a selected group of classes to talk with students about the issue of ethics in government; after lunch the government leaders will present a panel discussion in the IGPA conference room for the students as well as special guests. The discussion will be followed by a speech on ethics in government by Judge Mikva.

ELECTRICITY RESTRUCTURING SEMINAR SERIES

Last year the Illinois General Assembly enacted legislation that will have a major impact on how electricity services are provided in this state. To examine this impact from the utility, customer, and regulatory perspectives, Professor George Gross (IGPA and electrical and computer engineering, UIUC) has organized a series of seminars to be held in the IGPA-Urbana conference room.

- March 4: "Utilities in a House Divided: Responding to the Regulators and the Market Place," JoAnne Bloom (associate general counsel for regulation, ComEd, Chicago)
- March 18: "Electricity Restructuring in Illinois -- Help or Hindrance to Illinois Industries," Larry

Schedin (Schedin & Associates, Minneapolis)

- April 1: "Whither Regulation in Illinois -- A Policy Perspective," Karl McDermott (commissioner, Illinois Commerce Commission)

CONFERENCE ON MEDICAID

On June 25 IGPA will sponsor an invitation-only one-day conference on Medicaid. The purpose of the conference is to 1) provide an overview of the issues associated with moving Medicaid patients into managed care and in particular to examine issues of: 2) the use of managed care for special Medicaid populations and 3) the use of Medicaid managed care programs as a vehicle for expanding coverage for low-income children under new federal legislation. Persons to be invited include legislators, state and local officials, policy researchers, and representatives from upper-level management of provider and payer organizations. The conference will consist of three sessions:

- Overview of Medicaid Managed Care
- Medicaid Managed Care for Special Populations
- Medicaid Managed Care & Expanding Coverage for Low-Income Children

IGPA faculty members Carol Simon and Will White are co-organizers of the event.

SCHOOL REFORM EFFORT

The Forum for Illinois Research in Education (FIRE), a consortium of the Illinois State Board of Education, University of Illinois, North Central Regional Educational Laboratory, the Ball Foundation, and the Chicago Education Alliance, met in Schaumburg on March 6, 1998 to move toward developing a common research agenda for education in Illinois. The conference brought together over 80 policy makers, educational practitioners, and researchers in a day-long working conference. Priority issues for re-

search to improve educational practice included student standards and assessment, teacher education and professional development, design of accountability systems, student populations and changing demographics, and school structure and systemic reform. Follow-up activities will include specific research programs on those and other topics. FIRE was formed in August 1, 1997, in a meeting at IGPA Urbana. IGPA Professor James G. Ward is a member of the FIRE Steering Committee and was the facilitator for the March FIRE Conference.

JOURNALISM FELLOWS PROGRAM

In cooperation with the Illinois Press Association and a second year of funding from the Chicago Tribune Foundation, IGPA will once again sponsor a seminar series for young journalists. The series, scheduled to run from September 1998 through April 1999, will consist of seven sessions to be held primarily in Urbana. Topics to be covered include: public finance issues, school and local government budgeting, and criminal justice; fellows will also participate in the annual IPA meeting in Springfield and use one session for a writing workshop. Primary responsibility for organizing the series is to be taken by James D. Nowlan, former IGPA senior fellow and the initiator of the program in 1996. Linda Dawson of the IPA is also helping with the coordination of the series.

PARTNERSHIP WITH NCSA

Last fall the institute entered into a partnership with the UIUC National Center for Supercomputing Applications (NCSA). The partnership is aimed at promoting collaboration between government officials and university researchers in addressing practical and policy-related challenges. Its key goals are:

- Explore how advanced technologies can assist ongoing efforts in the public sector to make government more effective and efficient.
- Sponsor workshops and collaborative projects to improve government practices and policies -- with officials in the institute-sponsored

Illinois Leadership Academy (for state government officials) and the Academy for Municipal Excellence (for local government officials).

- Initiate intranets and geographically distributed "virtual workshops" -- interspersed with face-to-face sessions; and explore the potential adaptation of advanced technologies for use in data analysis, modeling complex systems, and otherwise strengthening public administration.

IGPA faculty involved in this effort are Daniel Alpert and Robert Rich.

CAMPAIGN FINANCE REFORM

The Illinois Campaign for Political Reform and the Sunshine Project (both of which are funded by the Joyce Foundation) are jointly sponsoring a demonstration project of a web-based system of filing campaign finance reports. Working with the Washington D.C. based Center for Responsive Politics, Kent Redfield (Legislative Studies Center, UIS) and his colleagues have provided candidates for Illinois governor and other constitutional offices the opportunity to file campaign finance reports electronically and have them posted on a web site in a searchable data base. Almost all of the candidates for the constitutional offices have agreed to participate, and the opening of the web site was announced in a press conference on February 24. The objective is to demonstrate the feasibility of a transaction based, real time system of reporting campaign finance information as opposed to the report based, deadline focused systems currently used at the state and federal levels in the United States.

The Sunshine Project and the Illinois Campaign for Political Reform have recently completed a baseline survey of all Illinois legislative and constitutional officer candidates and incumbents as to their support for various campaign finance reforms. The results of the survey were released at the end of February. The survey will be repeated prior to the general election in the fall.

THE CHANGING FACE OF ELECTRICITY IN ILLINOIS

Presented by George Gross
Thursday, January 29, 1998

The electric power industry is undergoing the most profound and far-ranging changes in its history. The disintegration of the well-entrenched vertically integrated structure is resulting in the unbundling of the products and services and the advent of new players and structures. The strong monopoly regime with generation-source-to-end-user price regulation is being supplanted by one in which competitive forces discipline many of the aspects of electricity production and supply. The key developments in establishing fiercely competitive electricity markets are accompanied by significant and widely impacting legislative and regulatory initiatives. Illinois has recently enacted legislation that will give all customers the choice to select their electricity provider.

These changes are creating major challenges in the engineering, planning, operations and control of the newly emerging regime. At the same time, the need to provide reliable electricity services economically to meet the nation's energy requirements has never been more pronounced. This presentation reviewed some of the key developments in restructuring the nation's and Illinois' electricity business. The implementation of retail access to electricity in Illinois was outlined, and the major technical, economic and policy challenges were discussed.

VERY LIKE A WHALE

by Thomas S. Ulen (professor in IGPA and the UIUC College of Law)

[Editor's note: The following excerpt comprises the conclusion of the inaugural lecture for the Alumni Distinguished Professor of Law, presented on February 19, 1998. Professor Ulen has a Ph.D. in economics from Stanford.]

I come now to the final part of my talk, which might be entitled, "What am I doing here?" Or "Why is an economist teaching in a law school?" Before I answer, I want to

remind you that there have recently been a large number of criticisms of legal education as being too theoretical and of having lost touch with the needs of the profession for practical wisdom. I hope that in my answer to the question I posed I shall also be able to address these critics.

At the heart of my answer and my reply to the critics of legal education is the contention that there has been a change in the way society views the law and in what we have come to expect from a legal education. For the vast majority of people, law is an abstraction that concretely touches their lives only rarely. And when it does touch them, it often leaves a bruise. Even if most people have never had contact, good or bad, with the law, they may hear about it on the news. But news coverage of legal issues is notoriously bad. The subtleties of constitutional adjudication are lost. And most other coverage focuses on offbeat anecdotes—such as a psychic's recovering for lost extrasensory powers allegedly suffered in a trolley accident. The result is that for most non-legal observers, law is at once sublime and ridiculous, with the ridiculous portion typically out-weighting the sublime portion. But let us not slight the sublime aspect of law. People seem to be aware of the crucial force that law has played in social betterment—for example, in the areas of civil rights and civil liberties. Law, then, seems to be viewed by many as a flawed system for dealing with relatively mundane matters but our most powerful force for addressing large social issues. In short, we have come to expect law to solve our most pressing problems and hope that it will reform itself so as not to get in our way for small problems.

This view, for which I have no more empirical support than a strong intuitive sense, insists that those who make and practice law be alive to its social consequences and that they view law first and foremost as a method of bettering society. I believe that this insistence has created a demand for a new style of legal education—one that is far more concerned with policy issues and far less concerned with doctrinal consistency. To address this demand, some coherent way had to be found for talking about the social consequences of legal rules. And—here is the crux—the only coherent method for doing so that has thus far presented itself is law and econom-

ics. To put the matter somewhat differently, economics provides a common language for talking about the policy aspects of law. So long as society at large is principally interested in law as a method of addressing pressing social issues, economics must play a major role in the law, and there will be a strong place for law and economics in legal education.

Let me take this line of thought further. I do not mean to paint a picture of economics as a white knight rushing in to save beleaguered law. That is a self-serving picture that I do not believe to be accurate. I want to paint another picture that draws a more even balance between the law and the field of economics. Law and economics does not represent the triumph of economics over law, nor of law over economics, but rather a new and vital set of skills for talking about the effects of legal rules that is stronger than anything either discipline could have provided individually. This set of skills combines theoretical insight with close attention to practical details. Neither of these components dominates the other in law and economics. They are inextricable.

To elaborate briefly, I note that economics (and the other theory-based social sciences) moves from the general to the particular, from theory to example; the common-law process, which serves as the model of the prudential, pragmatic style of the traditional legal education, moves cautiously from the particular to the general. The first method, which uses the deductive skills of economics, focuses on getting the theory, the general account, correct and is less fastidious about getting the particulars correct. The second method, which uses the inductive skills of the lawyer, focuses on getting the particulars correct and is less eager to provide a general, unifying account. The great strength of law and economics—its marvelous contribution to the law—lies in its bringing to the study of the law a *complementary* skill (deductive theorizing) to the great inductive concern with facts and distinctions that characterizes the best doctrinal scholarship.

How does the law-and-economics combination of talents differ from the skills that a prudential, pragmatic lawyer unfamiliar with economics is likely to have and to value? Here the difference is not so great as one might oth-

erwise think. The prudential, pragmatic lawyer presumably takes a general rule (one proposed by common law judges, say) and sees whether or not that rule covers the instant circumstances. If so, one follows the general rule. If not, one articulates how the general rule needs to be altered in light of the instant circumstances. Economists, because of their familiarity with theories (general rules), bring a talent for teasing a broad model from a particular set of facts. This is, somewhat surprisingly, related to one of the important hallmarks of doctrinal research—facility at recognizing inconsistencies in legal doctrines across jurisdictions and in posing a new doctrine that resolves these differences. This talent is not that far removed from the economists skill at constructing theory.

It is in this regard that I finally come to the task of explaining my title. Let me set the stage for you. The scene is from William Shakespeare's *Hamlet*. There are only two characters in this scene, Polonius and Hamlet. Polonius had been the principal advisor to Hamlet's murdered father and quickly

assumed the position of principal advisor to Hamlet's uncle, the murderer. Polonius, you may recall, is the consummate advisor to those in power. He dispenses wise advice (as in his famous speech to his son Laertes before he leaves for college), but he is also obsequious. Hamlet has come to despise and distrust Polonius and decides to make sport of him by pointing to some clouds drifting in the sky.

HAMLET: Do you see yonder cloud that's almost in shape of a camel?

POLONIUS: By the Mass and 'tis, like a camel indeed.

HAMLET: Methinks it is like a weasel.

POLONIUS: It is backed like a weasel.

HAMLET: Or like a whale.

POLONIUS: Very like a whale

William Shakespeare, *Hamlet*,
Prince of Denmark, Act III,
Scene 2

Now, what has this got to do with law and economics and with the themes of this talk? I confess that one of my reasons for using the title is its obscurity. Another is that I love this bit of Shakespearean humor. But, finally, I really do think that the passage has something to do with my themes. Polonius was not trying to engage in real conversation; he was simply agreeing with his superior, regardless of how Hamlet shifted his ground. Law and economics, I believe, is not simply seeking to recast the law in a new language; it is not seeking to find camels, weasels, or whales in the sometimes clouded shapes of the law. Law and economics seeks to advance our understanding of the law and how it affects social behavior.

In the end, I hope that law and economics will have achieved such a secure position within legal education that when presented with a piece of economic analysis of law, you will say, and mean it, "Very like the law." And that upon observing an economist toiling in legal education, you will say, and mean it, "Very like a law professor."

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DIRECTOR'S STATEMENT

by Jack H. Knott

Do leadership skills make a difference for how effective senior public managers are in achieving their policy goals? One view holds that the autonomy of agency executives to exercise leadership is very limited. Herbert Kaufman once remarked that managers "make their mark in inches, not miles, and only as others allow." On the other hand, there are accounts of public executives who were able to forge great changes in public policies, and so appear to have been less constrained.

A recent study by Thomas Hammond and myself shows that the ability of the public manager to exercise leadership over policy depends on three factors: 1) the configuration of ideal policies preferred by important stakeholders in the agency's environment; 2) the relation of these ideal policies to the current policy; and 3) the manager's ideal policy. Let us imagine three ideal policies. If each ideal policy is represented by a point on a piece of paper, the points will form a triangle. The space within the triangle constitutes the decision space for the agency manager to change policy. This way of defining decision space reveals the importance of four leadership skills.

Identification. A basic skill for a successful manager is the artful and perceptive observation of what is politically possible. The manager needs to know the size and shape of the decision space in order to know whether he or

she can exercise influence. The manager also needs to know the location of the current policy and his own ideal policy in relation to the decision space.

Anticipation. In some situations, prescience about the future movements of the political environment may offer the administrative leader opportunities to influence the ultimate choice of policy. In their study of successful public managers, Levin and Sanger found that not waiting for others but setting a course on their own was a common characteristic of public managers. This phenomenon emerges from our study as well. In some cases, the administrative leader benefited from preemptively moving first, thereby influencing the subsequent moves of other stakeholders.

Persuasion. If the administrative leader can change the ideal policy of any of the key stakeholders through persuasion, the leader can change the size, shape, and location of the decision space. For example, there are situations in which the ability to persuade just one stakeholder to move his ideal policy in one particular direction can reshape the decision space. By taking such action, the administrative leader improves prospects for moving the current policy toward his ideal policy.

Issue Framing. Transformational leadership requires that stakeholders perceive their interests to be served by the definition of the problem selected by the administrative leader. Our study finds that there are circumstances in which a leader can create

a more favorable set of policies in support of his ideal policy by altering the definition of the policy issue. Transformational leadership requires a leader who is not only able to identify a favorable definition but who also has the rhetorical skill to make other stakeholders – as well as the general public – accept the new definition and a new way to think about the issue.

In sum, leadership makes an important difference in the achievement of policy goals. Effective administrative leaders assess the configuration of the ideal policies preferred by powerful stakeholders in their political environment and adopt policies that not only benefit their agencies but that also satisfy or transform the policies preferred by these powerful external stakeholders.

Moving the current policy while staying within the bounds of these constraints constitutes the primary responsibility of effective public executives. Altering the boundaries of these constraints through persuasion requires additional leadership skill. Using rhetorical and strategic skills may offer the public manager the rare opportunity to redefine the policy issue in such a way as to better serve the public.

Even if the stakeholders' ideal policies are far apart, if the current policy lies in the decision space but the agency manager's ideal policy does not, the manager cannot change the current policy to the location of his own ideal policy.

FACULTY ACTIVITIES

JOHN B. BRADEN (IGPA affiliate) began serving full time as an associate provost of the University of Illinois at Urbana-Champaign, a position he had held on a part-time basis since early spring. Previously he had been director of the UIUC Water Resources Center.

JAN BRUECKNER (economics, UIUC) was a visiting scholar last summer at the Public Policy Institute of California and at the Government Institute for Economic Research in Finland and presented papers at the Stanford Institute for Theoretical Economics and at the Free University of Amsterdam.

DAVID S. BULLOCK (affiliate, agricultural & consumer economics, UIUC) co-authored two papers for his department's working papers series: "Towards Measuring Producer Welfare under Output Price Uncertainty and Risk Non-Neutrality" and "The Normative Analysis of (Agricultural) Policy: A General Framework and Review."

LOUIS DeSIPIO (affiliate, political science, UIUC) has completed a study of television coverage of Latino communities and portrayal of Latinos on television. The results were released as part of the Hispanic Heritage Month events in Washington, D.C.

BRENDA EHEART (sociology, UIUC) taught a week-long course on foster care at the Inter-University Center in Dubrovnik, Croatia, in June and in early October she was a special guest at the United Nations for the U.S. kick-off of the UN's Year of the Older Person. On November 24 Dr. Eheart and her staff at HOPE received the "Adoption 2002 Excellence Award" from Donna Shalala, Secretary of HHS; the ceremony was followed by a reception at the White House hosted by President and Mrs. Clinton.

J. FRED GIERTZ (economics, UIUC) was appointed to the University of Illinois Athletic Board last spring. On September 10 he was a speaker at Illinois

Comptroller Loleta Didrickson's Rainy Day Fund Hearing held in Chicago. In addition, Professor Giertz was heavily quoted in an article by AP business writer Herbert G. McCann following the release in early September of a report by the Coalition for Consumer Rights, which argued that many workers in Illinois are underpaid and underemployed. Giertz disagreed with this view, stating that: "Always some people don't share in the benefits. I don't think it is an increasing problem. The rising tide is generally helping everyone."

SAMUEL K. GOVE (director emeritus) was appointed to the Illinois Board of Higher Education by Governor Jim Edgar in late spring, and in May he served as chair for a panel on regional economic development at the annual meeting of the American Society for Public Administration where he also received an ASPA 50-year membership pin. On October 29 Professor Gove moderated a panel discussion on county leadership for the League of Women Voters of Champaign County, the Illinois Nurses Association, and Provena Covenant Medical Center in the City of Champaign Municipal Building.

GEORGE GROSS (electrical & computer engineering, UIUC) was an invited lecturer at the University of Hong Kong in December 1997-January 1998 and gave a lecture about "The Changing Face of Electricity in Illinois" on the Urbana-Champaign campus in January.

C. K. GUNSALUS (affiliate, associate provost, UIUC) testified at the National Bioethics Advisory Commission on September 15 and appeared on NPR's Science Friday discussing scientific misconduct. She also gave the keynote talk at the meeting of the Association of University Technology Managers this fall.

CEDRIC HERRING (sociology, UIC) has stepped down as acting director of the UIC Institute for Research on Race and Public Policy and has returned full time to IGPA.

BYRON HIGGINS (senior fellow) continues to serve as a participant in the university's mediation program and was a presenter in the institute's Office of Public Management Municipal Excellence Pro-

gram, which is cosponsored by the Illinois Municipal League.

JACK H. KNOTT (IGPA director) gave a presentation to the W. K. Kellogg Foundation on "Information Sources and Term Limits: A Survey of State Legislators" in May, and in June he spoke about "University-Community Partnerships to Enhance Local Government Capacity" at a meeting of the United Townships Association in Lille, France. During June he was also a guest at the European Union Conference on "Europe Against Racism" in Manchester, England.

RUSSELL B. KOROBKIN (law, UIUC) was a visiting scholar in June and July at the Max Planck Institute for Research in Economic Systems, Institutional Economics Unit, in Jena, Germany and gave a presentation on "Inertia and Preference in Contract Negotiation" at the Vanderbilt Law Review Symposium on "The Legal Implications of Psychology" in March.

JOHN F. McDONALD, (affiliate, economics and finance, UIC) has become interim head of the Department of Finance at UIC. He also is director of the UIC Center for Urban Real Estate, which has just completed its semi-annual study of the downtown Chicago office market for the Building Owners and Managers Association of Chicago.

ANDREW McFARLAND (affiliate, political science acting head, UIC) published an edited volume (with Anne Costain), *Social Movements and American Political Institutions*, Rowman & Littlefield Publishers, June 1998.

THERESE J. McGUIRE (urban planning & policy, UIC) served on a panel dealing with "Structural Deficits and Revenue Solutions" at the 1998 National Education Association State Education Finance Workshop held in May in Naples, Florida and was a panelist on WBEZ's interview/call-in program, "Odyssey," on February 16 to talk about federal income tax reform. Professor McGuire is also one of four IGPA researchers on a project entitled "The Municipal Perspective on Tax Reform" for the Suburban Mayors Action

Coalition of Cook County. Her article entitled "Are Illinois' property tax caps working?" appeared in the July issue of *Illinois Tax Facts* published by the Taxpayers' Federation of Illinois.

DAVID F. MERRIMAN (visiting associate professor, Loyola University, Chicago) will present papers at the University of Chicago, the North American Regional Science meetings in Santa Fe, and at a World Bank conference in Lausanne, Switzerland during the fall semester. He is also part of the IGPA team of economists who are working with the Cook County Assessor's Tax Policy Project to develop quantitative estimates of the impact of proposals to reform the property tax.

PETER F. MULHALL (director, CPRD) gave a presentation on "Prevention Basics: Comprehensive and Community Approaches" at the first annual retreat of the Illinois Prevention 2000 Advisory Group in Bloomington on February 5 and spoke on "Communities Reducing Adolescent Pregnancies" on April 5 at the American Association for Health Education meeting in Reno, NV. A survey on substance abuse among teenagers conducted by CPRD was discussed in a front-page article in the *Chicago Tribune* (Lake County edition) on September 17 as well as in the *Herald & Review* (Decatur) of October 1; the survey was conducted for the Turning Point Initiative in Macon County, which is funded by the Robert Wood Johnson and Kellogg Foundations.

ELIZABETH POWERS (economics, UIUC) was a facilitator at the Governor's 30th Anniversary Retrospective in Springfield on September 11. She is continuing work on children's disability policy, and presented some initial findings at an IGPA Seminar on November 19. In addition, she will be a discussant at the Allied Social Science Meetings in New York in January.

PAUL J. QUIRK (political science, UIUC) gave a presentation at the annual meeting of the Midwest Political Sci-

ence Association in Chicago in April on "Presidential Rhetoric: Leading or Following Public Opinion?" At the same meeting he also served on a roundtable that discussed John Greer's *From Tea Leaves to Opinion Polls* and was a discussant at a public administration poster session.

KENT REDFIELD (Illinois Legislative Studies Center, UIS) is continuing his work as director of the Sunshine Project, which conducted a mail survey jointly with the Illinois Campaign for Political Reform on the attitudes toward campaign finance reform of all legislative and state-wide office candidates and all incumbent state senators. In July IGPA published "Reforming Campaign Finance in Illinois" by Professors Redfield and Quirk.

ROBERT W. RESEK (economics, UIUC and retired vice president for academic affairs) gave a series of presentations to the Federal Reserve Bank of Chicago during the spring and summer months and continues to produce both *Economic Edge* (a quarterly publication) and *Electronic Edge* (a monthly review of Illinois Leading and Coincident Indexes) for IGPA. The November 5 issue of *Inside Illinois*, the UIUC newspaper for faculty and staff, carried a feature article on Professor Resek under the headline: "Declines in stock market may trigger downturn."

ROBERT F. RICH (law, UIUC) has agreed to serve for another year as the interim director of the institute's Office of Public Management.

CAROL J. SIMON (public health, UIC) discussed the issue "Is Private Managed Care Crowding Out Medicaid Access to Primary Care Services?" at the second annual Chicago Health Policy Symposium at the University of Chicago on March 12. Together with Will White, she also organized a major IGPA symposium on Medicaid and Managed Care for legislators, staff, policy makers and analysts; it was held in Chicago on June 26.

THOMAS S. ULEN (law, UIUC) was a visiting scholar at the Max Planck Institute at the University of Jena in Germany during July. He also gave presentations in April at the University of Hamburg in

Hamburg, Germany, and at the Duke University School of Law.

JAMES G. WARD (education, UIUC) published "Conflict and Consensus in the Historical Process: The Intellectual Foundations of the School Finance Reform Litigation Movement" in the summer 1998 issue of the *Journal of Education Finance*.

PERSONNEL NEWS

Illinois Governor Jim Edgar will join the institute as a distinguished fellow starting on January 12, 1999. The official announcement of his appointment to the two-year, renewable, full-time position was made on September 14 by University of Illinois President James Stukel at a ceremony held on the UIUC campus.

Among Edgar's responsibilities will be a series of guest lectures and presentations in undergraduate and graduate classes and seminars, presentations in the institute's Journalism Fellows Program as well as its training programs for state and local public officials, and outreach efforts on behalf of IGPA. The governor has visited the institute several times in recent years. On September 11, 1992, he attended the dedication of the Samuel K. Gove Plaza in front of the IGPA building in Urbana, which had been completed earlier that year. In the late sixties Professor Gove created the legislative intern program that Jim Edgar participated in and which the governor credits for giving him his start in public life. The two have been friends since then and frequently play tennis -- when they have time. Jim and Brenda Edgar have purchased a home near Mahomet.

Abigail Payne, previously at the University of Toronto, joined IGPA in August. She has a joint appointment in the UIC College of Urban Planning and Public Affairs (CUPPA). Professor Payne received a Ph.D. in economics from Princeton University in 1995 and a law degree, with a specialization in business regulation, from Cornell in 1986. Her research interests include public economics, law and economics, and microeconomics.

Abner Mikva became a senior fellow in the institute and a visiting faculty member in the UIUC College of Law in August; his IGPA office is on the Chicago campus. During his long and distinguished career, Judge Mikva was elected to the Illinois General Assembly as well as the U.S. Congress; in 1979 he resigned from Congress to accept an appointment as judge on the U.S. Court of Appeals for the District of Columbia Circuit, and served as chief judge from January 1991 until September 1994. Between October 1994 and November 1995 he served as White House counsel. In 1997 he received the Paul H. Douglas Ethics in Government Award. Last spring Judge Mikva brokered the agreement that settled the sexual harassment case between the Equal Opportunity Commission and Mitsubishi.

Lee Alston, a professor in the UIUC Department of Economics, has accepted a zero-time appointment in the institute.

Elizabeth Hoffman, provost of the University of Illinois at Chicago, also accepted our offer of a zero-time appointment in the institute.

Diane McCarthy joined IGPA in the fall as a research specialist in the Chicago office. She is working with Therese McGuire on a number of projects.

Jean Benefield resigned her position as secretary to the director in early November to take a similar job with former IGPA director Robert Rich in the College of Law.

Mary Parker joined the institute on November 16 as the director's personal secretary and primary assistant. Mary has been at the University of Illinois at Urbana-Champaign for a number of years, most recently in the National Soybean Research Laboratory where she provided administrative support to the senior associate dean and other members of the staff. She had also served as administrative secretary to the director of the Illinois Agricultural Experiment Station and associate dean of the College of Agriculture.

WORKING PAPERS

#62 -- "Very Like a Whale," (the new field of law and economics) by Thomas S. Ulen

#63 -- "A Model of Welfare Competition with Evidence from AFDC," by Luz Amparo Saavedra

#64 -- "Welfare Reform and the Race to the Bottom: Theory and Evidence," by Jan K. Brueckner

#65 -- "Welfare for the Elderly: the Effects of SSI on Pre-Retirement Labor Supply," by David Neumark and Elizabeth Powers

POLICY FORUM

Four issues of the institute's *Policy Forum* appeared during the last academic year (Volume 11), and two issues have appeared so far in Volume 12 for the 1998-99 academic year. Like all IGPA publications, they are available free of charge -- or may be found on the institute's web site.

"The New Pattern of Power in Illinois: Effective Government, Deadlock, or Tyranny?" by Michael Caldwell

"Legislative Issues in Physician-Assisted Suicide," by Russell B. Korobkin

"A New Generation of Environmental Policy: Can It Control Toxic Pollution Effectively?" by Madhu Khanna

"'The Donation Booth' or 'Keep Candidates in the Dark,'" by Ian Ayres and Jeremy Bulow

"The Pros and Cons of Airline Alliances," by Jan B. Brueckner and W. Tom Whalen

"Direct Student Aid and College Tuition: Assessing the Relationship," by F. King Alexander

NEW AUDIO TAPES

Four tapes appeared in the institute's *Policy Soundings* series during the last 12-month period. Each tape is approximately a half hour in length and is moder-

ated by Susan Nixon, who serves as project director for the series.

No. 9 "Death With Dignity: Whose Right Is It?" with Thomas Ulen and Russell Korobkin (a packet of accompanying materials is also available)

No. 10 "Moving Medicaid Into Managed Care: Issues Facing Illinois," with Carol Simon and William White

No. 11 "Electricity Restructuring in Illinois: How It Affects Us," with George Gross and George Deltas

No. 12 "Too Much, Too Little: Water Law Issues in Illinois," with John Braden and Don Vonnahme

NATIONAL ADVISORY COMMITTEE

The institute's National Advisory Committee held its annual meeting at the Union League Club in Chicago on November 12-13. The event began with a dinner Thursday evening; Professor Lee Alston gave an after-dinner presentation on "Southern Paternalism and the American Welfare State: Economics, Politics, and Institutions in the South, 1865-1965." The all-day meeting on Friday gave committee members an opportunity to hear about and discuss the institute's revised strategic plan. Other agenda items included communications strategies for promoting public dialogue on policy issues, outreach to state government, fund raising, and enhancing the institute's scholarly reputation. Committee members for 1998-99 are:

Michael Preston, University of Southern California (chair)

Larry Bobo, University of California at Los Angeles

Thomas Campbell, member of the U.S. Congress from California

Paul N. Courant, University of Michigan

Julian D'Esposito, Mayer, Brown & Platt /Chicago

Richard Frank, Harvard Medical School

Sally Jackson, Greater Columbus
(Ohio) Chamber of Commerce

Helen Ladd, Duke University

Harry Leinenweber, U.S. District Court
/Chicago

Leslie Lenkowsky, Indiana University

Wally Oates, University of Maryland

Nancy Stevenson, Chicago

Frank Thompson, State University of
New York at Albany

CENTER FOR PREVENTION RESEARCH AND DEVELOPMENT

Through the application of research conducted by its staff, the institute's Center for Prevention Research and Development (CPRD) seeks to improve the lives of children and families, especially those in disadvantaged environments, by serving as a resource for local communities, state and national agencies, and foundations. CPRD works in the areas of prevention, human service reform, and school improvement. Currently the center employs 21 staff members, three of whom are located in the IGPA-Chicago office. In addition, CPRD collaborates with other regular and adjunct faculty, as well as graduate students and a large cadre of work study students. Peter Mulhall is the center's current director.

During this academic year CPRD staff will be working on several new projects that will expand its work in the areas of prevention and school reform. Illinois Prevention 2000 is a federally funded grant to the Governor's Office designed to leverage and redirect funds of state agencies for improving the quality and effectiveness of substance abuse prevention. Illinois was one of only five states that received this award. CPRD serves as the project evaluator of Illinois Prevention 2000 and will assess the impact of the initia-

tive on changing funding policy at the state and local level.

On a national level, CPRD will continue to focus on school reform and improvement. CPRD staff are developing evaluation plans and procedures for two large scale school reform initiatives sponsored by the Kellogg Foundation in Battle Creek, Michigan and the Foundation for the Mid South in Jackson, Mississippi. The Kellogg Initiative, known as Middle Start, is a continuation of a project that CPRD has been involved with for several years. This year CPRD will collect data from over 150 schools in Michigan. The Foundation for the Mid South has asked CPRD to evaluate a new school reform initiative in the Mississippi Delta region; that will collect, analyze and report on school improvement efforts in Louisiana, Mississippi and Arkansas.

One of CPRD's research efforts is a collaboration with the **Association of Illinois Middle-Level Schools (AIMS)**, a not-for-profit organization founded in 1976. AIMS is committed to the exemplary education of early adolescents and to supporting the professionals and families who facilitate the growth of 10-14 year old students in grades 5-8. Members of the organization can participate in the annual three-day summer institute during which teams from middle-level schools work with state and national consultants on projects that will benefit their particular school programs, attend the annual fall conference for practitioners from throughout the state, and attend one-day workshops and seminars on specific topics of interest to teachers and administrators.

In 1989 AIMS, in partnership with the Illinois State Board of Education, established a network of reforming middle level schools. Now numbering over 100, the network consists of partnership schools (selected for their willingness to implement innovative practices) and demonstration schools, which have been well functioning middle level schools for several years. Schools admitted into the network have access to on-going, high-quality professional development, become part of a building-to-building mentor relationship, receive support for the initiation and continuation of middle level innovations as well as technical support from the AIMS office. All schools in the network partici-

pate in a self study program developed jointly by CPRD and AIMS that involves administrators, teachers, and students. Data collected from the survey help each school as it sets goals for future improvement; the growing database also benefits all the schools in the network. The research by CPRD and AIMS on this school reform model has received national recognition demonstrating the benefits of this public/private collaboration.

STATE POLICE TRAINING PROGRAM

The institute's **Office of Public Management** has embarked on a series of executive development programs for senior officials in the Illinois State Police. The series consists of five, two-day sessions and will be presented at three different locations in the state: Springfield, a site south of the capital city, and a northern Illinois site. The program began in late November and will run through April 1999.

The goal of the program is to build increased leadership and management capacity in the organization. Topics to be included are: leadership concepts, high performance team building, strategic planning, conflict management, and the dynamics of change.

Taking one of these as an example, the session on change will examine the dynamics of systems, their behavior and the value and cultural forces that lead groups to embrace or resist change. Several approaches will be used. An executive round table will focus on topical areas selected by the participants or on books that contain provocative and leading edge ideas. Creative thinking and analytical techniques will be used to perform semantic autopsies on issues, problems, and opportunities. Another approach to be used is the synectic workshop, modeled on the Synectics Laboratory at MIT. Each workshop focuses on a single, difficult and unresolved problem; in the process of finding solutions to that problem, workshop participants learn to use the synectic techniques.

More information about this series of workshops for the Illinois State Police as well as other programs offered by the Of-

Office of Public Management may be obtained from the program's interim director, Bob Rich, on the Urbana-Champaign campus (217/244-8550) or by calling Paul Craig in the institute's Springfield office (217/206-7682).

CONFERENCES, SEMINARS, WORKSHOPS

On June 25, 1998, IGPA in cooperation with the UIC Health Research & Policy Centers sponsored a one-day conference on "**Medicaid and Managed Care: Issues Facing Illinois.**" The invitation-only meeting, which was held at the Union League Club in Chicago, featured experts from around the country and attracted over 60 legislators, state and local officials, policy researchers, and representatives from upper-level management of provider and payer organizations. The faculty organizers were Carol Simon and Will White.

Cherry Short, appointed as a United Kingdom Race Commissioner in 1998 and elected to the Welsh Assembly in 1988, visited Chicago and the UIC campus for several days in early September. In addition to visiting with city and university officials, she gave a noon-time presentation on September 8 in the IGPA-Chicago conference room on "Welfare to Work Policies in the United Kingdom: The Impact on Ethnic Minorities."

In cooperation with the College of Law and the Department of Political Science on the Urbana-Champaign campus, IGPA held a **Forum on Impeachment** from 7:00 to 9:30 p.m. on October 19. It was moderated by political scientist Dianne Pinderhughes; serving as resource persons to deal with various aspects of this issue were: Ira Carmen (political science), Daria Roithmayr (law), Paul Quirk (political science and IGPA), and Edward Kolodziej (political science).

IGPA and the Legislative Research Unit of the Illinois General Assembly worked together this year to put on a

three-day event in Springfield for newly elected state legislators on November 30 - December 2. The first day and a half, organized by the LRU, focused on legislative rules and procedures. IGPA was responsible for the sessions on Tuesday afternoon and Wednesday morning; four topics were covered:

- "The Role of the States in Regulating Managed Care," Carol Simon
- "Crime Reduction Through the Use of Prisons and Community," Abigail Payne
- "What Every New Legislator Should Know About Property Tax Relief," Fred Giertz and Therese McGuire
- "Agricultural Concerns," Douglas Parret (animal sciences, UIUC)

In addition to putting together these four panels on policy issues that the new legislators are likely to face in the coming months, the institute organized a reception for Tuesday evening. New and continuing members of the General Assembly as well their staffs were invited.

The Illinois General Assembly **Conference of Women Legislators (COWL)** once again asked Therese McGuire and IGPA to organize a strategic planning retreat for its members. The two-day meeting will take place December 3-4 at the university's Allerton Conference Center in Monticello. Speakers will include IGPA faculty members Robert Rich, Fred Giertz, Elizabeth Powers, and Abigail Payne as well as Barbara Shaw from the Illinois Violence Prevention Authority and Patrick Tolan from the UIC Department of Psychiatry.

Next spring IGPA, the Institute for Public Affairs at UIS, and the College of Urban Planning and Public Affairs (CUPPA) at UIC, will sponsor a series of three **policy luncheons** for Illinois state government officials. The meetings will be held in the State Library and will feature experts from the fields of government, private industry, and academe. The first, scheduled for January 29, will look at HMO reform; the second, to be held March 5, will focus on the Illinois economy and budget outlook. The

third will be held on March 10, and Governor Edgar will be the featured speaker. The series is being organized by Elizabeth Powers.

A **Symposium on Innovation in Environmental Law and Policy**, organized by Russell Korobkin, will be held on April 16, 1999. Approximately a dozen scholars of environmental law and policy from around the country will present papers at the University of Illinois on the past and future of innovation in the field. In the morning sessions, papers will focus on the most important and innovative scholarship in the field. Discussion will center on how important scholarly work in the field can be used as the basis for future scholarly innovation and its application to policy. In the afternoon sessions, papers will focus on the most important and innovative policy programs in the field: state and federal, public and private. Discussion will focus on future application and expansion of these innovations. The meeting will end with a keynote lecture on the interaction between environmental law and policy scholarship and practical policy innovation. The program will be open to the public, and scholars from different departments with interests in environmental policy will be specifically invited to attend. The program is being sponsored by the University of Illinois College of Law and IGPA. Papers presented will be published in a special issue of the University of Illinois Law Review.

CONSERVATION RESERVE ENHANCEMENT PROGRAM

by Madhu Khanna (IGPA affiliate, agricultural & consumer economics, UIUC)

[Editor's note: The following paragraphs are taken from a research proposal for which Professor Khanna received \$94,000 from the Illinois Council for Agricultural Research. Readers may also wish to refer to her essay "A New Generation of Environmental Policy: Can It Control Toxic Pollution Effectively?" which was published by IGPA as a *Policy Forum*, Volume 11, Number 3, 1998].

The objective of this research project is to identify changes in land-use under alternative environmental targeting

objectives and to assess the implications of the Conservation Reserve Enhancement Program (CREP) for farmers, for water quality and for fish and wildlife in Illinois. This research will provide insight into the likely enrollment decisions of producers (with varying land qualities) in the CREP priority area in Illinois. It will also seek to determine which cropland in the priority area should be targeted for enrollment in the CREP and the rental bid caps required to motivate producers to enroll priority land into the CREP. Additionally it will examine the impact of enrolling the targeted land into the CREP on production levels and its implications for farm incomes, land values and budget outlays of the government. Finally, this research will evaluate the potential environmental benefits of the CREP to examine whether they justify the costs of the program.

GIS will be used to obtain detailed biophysical attributes of cropland in the priority region identified by CREP. This data will be input into a watershed level economic and environmental model that will identify the land areas that should be enrolled under the CREP in order to achieve its environmental objectives. The model will also identify farmer incentives for enrollment in the CREP and the rental payments required to induce enrollment of cropland in the target areas. The model outputs will consist of optimal land-use decisions which will be used to examine impact on agricultural production, farm incomes and land values in Illinois. Non-market valuation techniques will be used to measure the water-quality and wildlife benefits of the CREP and to undertake a cost-benefit analysis of the CREP.

FACTS, POLITICS, AND JOHN Q. CITIZEN

by Jim Kuklinski (Department of
Political Science, UIUC)

A truism of public and political life is that people make better decisions when they are factually informed and thus they *should* be informed. Underlying this theme is an assumption that becoming

factually informed is a relatively straightforward matter. To be sure, most people are not informed--that is the reality --but presumably they could be if they would only seek to know the facts.

Becoming factually informed, I believe, is anything but straightforward. Part of the problem lies with individual psychology, part with the inherent nature of facts within the context of public and political life.

Let's turn first to human psychology. Psychological research has identified three mental processes that are relevant to the question at hand. First, we all constantly make inferences. When information is not available, which is most of the time, we "fill in the blanks," inferring unknowns on the basis of what we already hold in memory. Second, we strive for consistency in our beliefs and attitudes. In psychological terms, inconsistency causes cognitive dissonance, and such dissonance is uncomfortable. Thus we try to avoid it. Finally, once our cognitively consistent inferences are stored in memory, they become "hard data;" and the more we use them, the more confident we become that these inferences are right. We become overconfident.

Back to the ideal of the factually informed citizen. In some work I have conducted with Paul Quirk, we found that people make many inferences about facts related to public policy--the % of the population who is on welfare, the % of all welfare recipients who are black, the average annual payment to a welfare mother, etc. More important, these inferred factual beliefs derive from the preferences that people already hold: people first decide they are against (for) welfare and *then* infer facts that are compatible with those preferences. Although these factual beliefs often are radically wrong, they serve to buttress the opinions people have already reached and thus ensure that people will not be internally conflicted. Finally, and as psychological research predicts, people place strong faith in the accuracy of their factual beliefs.

So what is the consequence? When people are presented the right facts, they tend to reject them out of hand. And why not? If they accept the correct facts, they not only have to reject their existing factual beliefs, they must also change the policy

preferences that are intertwined with these beliefs. For most individuals, that is a discomfiting task.

Unfortunately, this is not the full extent of the task that faces those who might want to inform citizens about the relevant political facts. The other part of the problem lies with the nature of the facts themselves.

Let us ponder, first, what kinds of facts citizens who are evaluating a policy proposal would most like to know. One type of fact they would like to know is cause and effect. Is it a fact that increasing the minimum wage causes unemployment? That the American welfare system, as it has existed, undermines individual incentive? Regarding the first, most economists would answer in the affirmative, yet most liberals and some economists reject this claim, offering arguments why it is not true. Regarding welfare and incentive, the liberal-conservative debate about welfare centers largely on the very question of cause and effect: is there any at all; if there is, how large is it? When it comes to cause and effect, facts are few and far between.

Citizens would also like to know what effect a proposed policy will have on their and others' futures. If we pass a national health care plan, will the overall quality of health care decline? But it is almost true by definition that facts about the future don't exist. Indeed, their non-existence is one of the reasons we have policy debates, such as that on national health care.

So, the facts that citizens would most like to know are not to be found. There are, nonetheless, descriptive facts, and perhaps it is here that we can find the factual information that will enlighten the citizenry. So, for example, is it not the case that the inflation rate is a fact? Well...not quite. It was not too long ago that Congress debated a change in the consumer price index to help the government save on inflation-indexed entitlements like Medicare and Medicaid.

More fundamentally, descriptive, seemingly objective, facts come in more than one form, and what form political officials put them in depends on their own positions on the issue. Take the federal budget and welfare (AFDC). Until recently, one percent of the budget went to

this program. One percent of the budget translates into \$10 billion annually, which in turn translates into a stack of thousand-dollar bills as high as the Empire State Building. We know, again from psychology, that different presentations of the same fact influence how people interpret that fact. Moreover, when people already hold preferences, they can grab onto whatever form that is most consistent with these preferences. Thus, someone who opposes welfare will "hear" \$10 billion while someone who favors will "hear" one percent.

Let's, nonetheless, assume that some fact is clear and certain. Politicians still can--and do--disagree on its relevance to policy. Which is more relevant--that the rate of welfare dependency has risen dramatically since the early 1970s or that it did not rise from the 1970s to the 1990s?

Or what about the fact that proportionately more blacks than whites receive AFDC? A liberal might say that even raising this fact is racist, while a conservative might contend that it demonstrates how welfare dependency has undermined African-Americans' family structure.

One cannot assess facts without making some kind of judgment about their relevance.

Suppose, again, that there is some clear and certain fact out there to be had, and John Q. Citizen wants to use it in making a decision. How likely is it that this fact will be useful information to him?

Suppose our citizen wants to evaluate the desirability of a peace-keeping mission and hears that 10 soldiers were killed as part of that mission. Should the citizen construe the death of 10 soldiers as a big loss? As a big but necessary loss? As a relatively small loss? As an unfortunate accident that likely will not happen again? The judgment the citizen reaches about the mission generally will depend on how he interprets the fact that 10 soldiers were killed. And who is most likely to make the interpretations: politicians competing for public support.

Closely related, how do citizens put several facts together? Ten soldiers died yesterday *and* the murder of innocent citizens in the occupied country has dropped by 30% in the last two months. There is no single, objective way to weigh the two factors and reach a final judgment. Again, it

is the acceptance of a particular political interpretation that will carry the day.

It is not my intent to reach a deconstructionist conclusion that facts have no relevance for citizen decision making. I myself would much prefer a citizen who knows that 1% of the federal budget has been going to AFDC than someone who thinks it is 25%. At least the former presumably is paying attention to ongoing policy debates. This said, I will end on a proposition designed primarily to provoke, but that is testable. The proposition is this. Strong partisans will reject contrary facts out of hand, change their form, argue they are irrelevant, in short, do whatever it takes to maintain their preferences. The less partisan, and also less politically sophisticated, won't know what to do with the facts without someone else's interpretation. If this proposition has any validity at all, then simply measuring how factually informed citizens are will not capture the essence of citizen decision making. We need to look elsewhere. ■■■

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DIRECTOR'S STATEMENT

by Jack H. Knott

As part of our celebration honoring IGPA's 50th anniversary, we invited directors of other policy institutes in the Big Ten to participate in a panel discussion of the role of universities in public policy education, public service and scholarship. During that discussion, the question was raised: what role should scholarship play over the next several years in support of state and local government? My answer to this question is outlined in the following paragraphs. It needs to be pointed out, however, that this list is not exhaustive and does not include many forms of basic research that over time improve our knowledge of the policy-making process, the role of government in society, or specific public policies.

Comparative State and Local Studies.

Policy makers learn from the experiences of other policy makers in states and localities similar to their own. Over the past decade devolution has permitted activist governors to experiment in many policy areas, e.g., performance management, health care reform, alternatives to prisons, infrastructure investment, and contracting for mental health services. Policy institutes have an important role to play in providing comparative state and local studies on these and other innovations.

Evaluation Research. The past few decades have demonstrated clearly that simply spending more money on solving problems does not necessarily produce positive results. Public housing projects, social welfare, public education have all seen large increases in

spending without a resolution of the problems. In fact, in some cases the problems have grown worse. State and local policy makers, therefore, want a better understanding of the efficiency and effectiveness of new programs and policies as well as their impact on citizens. Evaluation research helps policy makers learn from their mistakes and successes and enables them to pursue better policies in the future.

Prevalence Research. Policy makers need information about the prevalence of particular kinds of problems in a society, such as indicators of economic trends, the number of people without health insurance, business-cycles, poverty rates, demographic changes, educational achievement. Some of this information can be obtained from survey research. An example is the survey of child immunization conducted with the support of the Center for Disease Control. Other data are collected through the census or other documentary evidence, such as poverty rates or school performance. In every case, these indicators help policy makers understand the needs people face and the potential kinds of public policies that might address these needs.

Research Summaries. Often policy makers do not have the time to collect in one place the knowledge that is available on a particular policy issue. Studies may have been conducted and information gathered but the policy makers are unaware of them. Policy institutes can provide a useful function for policy makers by writing essays that summarize what is known or not known about a particular problem in society and providing information about how other governments have sought to address the problem

through public policy. Examples include policies toward assisted suicide, benchmarking for performance assessment, or patient protection laws under managed care.

Community-Based Research. Members of associations, non-profit organizations, and foundations, as well as activist citizens in local communities are increasingly important in defining the public agenda and in experimenting with solutions to societal problems. Policy research that ignores these non-governmental players will not be able to show a complete picture of how problems are defined, or how policies are developed and implemented.

Basic Research. The knowledge utilization literature shows that the most important way that research affects public policy is over the long term, as ideas in the research world slowly become translated into more popular language and spread through political parties, interest and advocacy groups as well as government agencies and commissions. Prime examples include the impact of government taxing and spending and monetary policies on the economy and the negative impact of price and entry regulation of firms on inflation and economic growth.

In general, then, policy institutes engage in several types of scholarship that should prove valuable to state and local policy makers. This scholarship ranges from basic research over the long term, which influences the thinking about policy problems, to more immediate studies of the prevalence of particular needs in society.

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FACULTY ACTIVITIES

LEE ALSTON (economics, UIUC) organized a very successful seminar series on economic history with prominent speakers from across the country. The spring series consisted of six presentations, each of which was given in the IGPA-Urbana conference room.

ANDREA BELLER (affiliate, agricultural & consumer economics, UIUC) is a visiting fellow at the Economic Growth Center at Yale University for the spring semester while on sabbatical. She has been appointed to the board of the Committee on the Status of Women in the Economics Profession.

JAN BRUECKNER (economics, UIUC) presented papers this spring at City University of Hong Kong, University of Tokyo, Stanford, UC Berkeley, University of Florida, and the World Bank. In the fall, he presented a paper at the Regional Science Association Meetings in Santa Fe and was a speaker at an industry-oriented conference in Washington, D.C. on the effects of airline networks. His research on airline alliances (contained in an IGPA working paper) gained international attention after a follow-up consulting project for United Airlines. The follow-up study, which was announced in a UAL press release that received wide notice, computed passenger benefits from United's alliances with Lufthansa and SAS. The U.S. Department of Transportation has made use of the original IGPA study in promoting existing alliances.

TOM CARSEY (visiting assistant professor, political science, UIC) along with Barry Rundquist (IGPA affiliate, political science, UIC), was awarded a grant from the

National Science Foundation for a project entitled, "The Distributive Politics of Problem Solving." His book, "Campaign Dynamics: The Race for Governor," will be published this summer by the University of Michigan Press. In a public lecture at University of Illinois at Springfield on the impact of issue-based campaign appeals in statewide elections he presented findings from a forthcoming book and from an analysis of two public opinion polls conducted at UIC regarding the 1998 Illinois statewide elections. Barry Rundquist was co-director on these surveys.

PAUL CRAIG has accepted a permanent position with IGPA as a senior associate. He will continue to work in the institute's Office of Public Management, which is directed by former IGPA director Bob Rich. Mr. Craig joined OPM in January 1996.

JIM EDGAR (distinguished fellow) is speaking to a number of classes during this spring semester on both the Chicago and Urbana-Champaign campuses. Some of the departments he is visiting include political science, journalism, law, sociology, and economics. The first class he spoke in, a political science course at UIUC, was widely reported on in the press. Governor Edgar also spoke at the institute's 50th anniversary dinner on April 8.

BRENDA KRAUSE EHEART (sociology, UIUC) and ELIZABETH POWERS (economics, UIUC) organized a conference on "Intergenerational Relations: National and International Perspectives," held at the Illini Union on the UIUC campus on April 12. An article about the meeting starts on page six of this newsletter.

TUDIE GHESQUIERE joined IGPA this spring as a senior associate and is working with Paul Craig and Bob Rich in the institute's Office of Public Man-

agement. She and Mr. Craig have offices on the University of Illinois at Springfield campus.

J. FRED GIERTZ (economics, UIUC) made a presentation on September 28 entitled "The Economic Impact of the University of Illinois" as part of the Vice President's Academic Affairs Seminar Series on Economics and Costs in Higher Education. With Harrison Campbell he completed a report in February 1999 on "The Economic Impact of McCormick Place," under a contract for the Metropolitan Pier and Exposition Authority. McCormick Place is the site of many large-scale trade shows and conventions and is a cornerstone of convention activity in Chicago.

SAMUEL K. GOVE (director emeritus) has been reappointed by Governor George Ryan to the Illinois Board of Higher Education; he was first appointed to fill an unexpired term last spring by Governor Jim Edgar. In April he attended the LINKS conference in Sacramento, California, an annual meeting that brings together state government officials and academic research scholars; this was the seventh meeting of the organization. In addition, Professor Gove served on the Redistricting Process Review Commission, which was established in March 1992 by then-Secretary of State George Ryan and which issued its final report and recommendations in January 1999. According to R. Bruce Dold in an article for the Chicago Tribune, "the idea coming from [the] commission is a lot more interesting [than the existing system] because it holds out the prospect that if the Republicans and Democrats can't agree on a fair map, they can all lose. The House would draw a map for the House. The Senate would draw a map for the Senate. Each chamber would have to get a three-fifths vote to pass its map. That

would guarantee a truly bipartisan map."

DORIS GRABER (affiliate, political science, UIUC) presented a paper on "Tailoring Political Communication to the Tastes of Generation X" and participated in a roundtable on "Political Participation and the Internet" at the American Political Science Association meeting in Boston in September. During the meeting she was honored for her six years of service as editor of *Political Communication*. In May 1999 she will spend a week in Germany for USIA giving lectures and workshops on "The Information Age and Politics."

CEDRIC HERRING (sociology, UIUC) and THERESE McGUIRE (urban planning and public affairs, UIUC) spoke about IGPA at a Campus Forum luncheon in the Rathskeller of the Student Residence and Commons on the Chicago campus on April 14.

MADHU KHANNA (affiliate, agricultural & consumer economics, UIUC), W. Quimio, and D. Bojilova, published an article on "Toxic Release Information: A Policy Tool for Environmental Protection" in the November 1998 issue of the *Journal of Environmental Economics and Management*.

RUSSELL KOROBKIN (law, UIUC) organized a one-day symposium on "Innovations in Environmental Policy," held in the College of Law Auditorium on April 16. It brought together a dozen scholars from across the country, who spoke on such varied topics as "This is Environmental Racism!" "The Political Economy of Market Mechanisms," and "Psychology, Regulation, and Global Warming."

JIM KUKLINSKI (political science, UIUC) is serving as coordinator of a new IGPA graduate fellowship program. This inter-campus initiative will support eight selected students from the three University of Illinois campuses who are pursuing a graduate degree in a public affairs-related field. Each will receive \$3,000; the program will also pay for transportation and all costs associated with fellowship events. Fellowship students will meet once every other month (for a total of four meetings) to interact with policy makers, discuss issues with faculty and each other, attend a public policy lecture by a well-known scholar, or to participate in a special IGPA event.

MIKE McCORMICK has joined IGPA as a special assistant to Jim Edgar, former Illinois state governor and now a distinguished fellow in the institute. McCormick, who graduated from the University of Illinois with a BS in business in 1981 and has a law degree from Southern Illinois University, also serves as chairman of the Illinois State and Local Labor Relations Board.

ABNER MIKVA (senior fellow) presented a guest lecture in the Rosenn Lecture Series in Law and Humanities at Wilkes University on March 28.

PETER MULHALL (director, Center for Prevention Research & Development) chaired a national Committee on Core Educational Outcomes, February 25-26, for the Center for Substance Abuse Prevention in Washington D.C. The committee reviewed and made recommendations for evaluation methods and measures that the center will use for upcoming federal initiatives. Mulhall and three CPRD staff members made presentations on innovative evaluation systems, outcome evaluation and state systems evaluation at the American Evaluation Association's annual conference November 4-7 in Chicago.

JIM NOWLAN (director, IGPA Journalism Fellowship Program) served as co-chair of Governor George Ryan's Transition Committee for Technology and Transforming Government and was also chair of the Lieutenant Governor's Transition Committee. Nowlan is chair of the advisory board to the Children and Family Research Center, located at the UIUC School of Social Work. CFRC was created under agreement between the US District Court, the ACLU and DCFS for purposes of both evaluating and reporting on the outcomes of DCFS on indicators of permanency, safety and well-being of children under its responsibility, and for conducting applied research into "best practices" that can improve social services provided children at DCFS and throughout the country.

TONY ORUM (affiliate, sociology, UIUC) just published a book, with co-authors John W.C. Johnstone and Stephanie Riger, entitled *Changing Societies: Essential Sociology for Our Times* with Rowman & Littlefield Publishers. It is intended for introductory courses in sociology. In March 1999 Orum and James Gramlich published "Civic Capital and the Construction (and Reconstruction) of Cities" in *Colloqui, Cornell Journal of Planning and Urban Issues*. Orum has accepted an invitation to become the editor of a new journal, *City and Community*, to be sponsored by the Community and Urban Sociology Section of the American Sociological Association.

ELIZABETH POWERS (economics, UIUC) and Brenda Eheart organized a one-day conference on "Intergenerational Relations," which is described in greater detail elsewhere in this newsletter. Professor Powers also had major responsibility for three highly successful policy luncheons, held in the Atrium of the State Library in

Springfield. The series was a cooperative effort among IGPA, the Institute for Public Affairs at UIS, and the College of Urban Planning and Public Affairs (CUPPA) at UIC. Each luncheon attracted between 75 and 100 people. A panel discussion on January 22 dealt with "Managed Care Reform," another panel discussion focused on "The Illinois Economy" and was held on March 5, and on May 10 former Governor Jim Edgar spoke about "Lessons for Policymaking from 30 Years in Illinois Government."

PAUL QUIRK (political science, UIUC) and Joe Hinchliffe (a grad student in poli sci) have won the Robert Kelley-Aaron Wildavsky Award for the best article by a senior scholar in the *Journal of Policy History* in a two-year period. The article, "The Rising Hegemony of Mass Opinion," was published in January 1998.

KENT REDFIELD (Illinois Legislative Studies Center, UIS) served as program coordinator for the annual meeting of the Illinois Political Science Association held in November 1998 at UIS; he is currently serving as president of the association. In September he gave a talk in Chicago on "Campaign Finance in Illinois: Issues and Prospects" to the board of the Illinois Campaign for Political Reform, and in November he made a luncheon presentation on "The Illinois Election 1998: Recap and Analysis" to the Springfield chapter of the American Society of Public Administration.

BOB RICH (law, UIUC) as director of IGPA's Office of Public Management has coordinated an extensive array of programs and workshops for state and local government officials during this academic year. Chief among them were "Leader-

ship Enhancement and Development: A Specialized Course for Municipal Officials" (consisting of six two-day sessions and running from August 1998 to June 1999), "The Illinois State Police Leadership Forums" (a series of five two-day meetings, each of which was held at three different sites in the state), "Book Dialogues" (four one-day workshops designed to help participants deal with leadership challenges through the medium of ancient as well as newer classics), and "Leadership Challenges: Preparing for the 21st Century" (two three-day meetings scheduled for April and October 1999).

CAROL SIMON (public health, UIC) has accepted a position with the School of Public Health at Boston University beginning next fall. She will be an associate professor in the Health Services Division of the school and director of the Health Economics Program.

TOM ULEN (law, UIUC) had primary responsibility for the institute's 50th anniversary celebration, discussed at greater length elsewhere in this newsletter. Professor Ulen also spent several weeks this spring in Belgium as part of the exchange program between the College of Law and Katholieke Universiteit.

JIM WARD (education, UIUC) is co-director (with Edward St. John of Indiana State University) of a 50-state study of state programs that support teachers' professional development. The study is being financed by the North Central Regional Educational Laboratory (NCREL) and focuses on the seven north central states of Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, and Wisconsin. In addition, he made a presentation to the Illinois Regional Superintendent's Association on February 6 on "Midwest Educational Policy Initiatives" and is special editor for the summer

1999 issue of the *Journal of Education Finance*, which will focus on "Education Finance Litigation."

PERSONNEL NEWS

Scott Koeneman, former city editor at the Champaign-Urbana News Gazette, has joined IGPA as its first communications manager. Chosen from a field of over 100 applicants from all over the country, Mr. Koeneman started his new job just as the institute began a month of frenetic activity: the Paul H. Douglas Education programs on April 5 (in Urbana) and 15 (in Chicago), IGPA's 50th anniversary celebration on April 8, Elizabeth Powers' and Brenda Eheart's conference on intergenerational relations on April 12, Russell Korobkin's symposium on the environment on April 16, a day-long test run also held on the 16th of a performance review program for state agencies that will be held next fall, the final session of the Journalism Fellows Program held in the IGPA-Urbana conference room on April 17, and the three-day training program for government officials organized by the institute's Office of Public Management on April 26-28. Koeneman contacted the press before several of these events, attended at least a portion of each event, took photographs, and wrote summaries and press releases afterwards. In addition, he is working with Professor Paul Quirk on a communications strategy for IGPA, which will be presented to the faculty at its annual retreat in mid-May.

Rachel Gordon has accepted a position as assistant professor with IGPA and the UIC Department of Sociology, beginning in August 1999. At present she is in the Department of Psychiatry and the Sloan Working Families Center of the National Opinion Research Center (NORC) at the University of

Chicago. She received her Ph.D. in 1997 from the University of Chicago and has a B.S. in psychology from Pennsylvania State University. Her dissertation was on "The Residential Decisions of Young Mothers and Young Childless Women: Timing and Covariates of Leaving and Returning Home, United States 1950-1988."

IGPA'S 50TH ANNIVERSARY CELEBRATION

David Broder, featured speaker
Washington Post columnist and award-winning political commentator David Broder took part in the Institute of Government and Public Affairs' celebration of its 50th anniversary April 8.

Broder spoke with institute faculty, staff and friends and attended a dinner honoring the institute. In his speech, which opened the celebration, Broder warned of a growing gap between "the policy elite" and the rest of the nation. He said suspicions have grown along with that gap.

"If we don't find some way to cope with this," he said, "we risk the abuse and loss of this [America] experiment in government."

Broder said there have been a number of signs pointing to this gap. The press, he said, misjudged the public's reaction to the Monica Lewinsky affair as well as the bombing of Yugoslavia.

In the area of public policy issues, he described how pollsters found that most people supported the specifics of President Bill Clinton's health care reform plan. But, when they were asked whether they supported the plan, most were against it.

"What really drove that issue was the commercials," he said.

Broder saw four reasons for

this. First among them is the loss of clear, authoritative institutional voices. He said that no one speaks for Congress, they are 535 independent policy entrepreneurs. And the president has much of his authority over public thought with the end of the cold war.

Second is the increasing partisan quality of political debate.

Third, he said, the media needs to take some of the blame because of its emphasis on the partisan and personal elements of debate.

Finally, he said, part of the problem is due to the decline of the political parties. The function of communicating ideas between leaders and precincts has been lost.

While Broder did not offer a solution to the problem, he said the good news is that it is being talked about.

IGPA considers "Scholarship and Public Policy"

As part of the institute's 50th anniversary celebration the heads of four public affairs programs and *Washington Post* columnist David Broder participated in a panel discussion on "Scholarship and Public Policy".

The panel included James A. Barnes, dean of the School of Public and Environmental Affairs at Indiana University; John R. Chamberlin, dean of the School of Public Policy at the University of Michigan; Wim Wiewel, dean of the college of Urban Planning and Public Affairs at the University of Illinois at Chicago; Jack Knott, director of IGPA; and David Broder, *Washington Post* columnist and political commentator.

Dean Wiewel talked about the need to look into sectors outside government that influence policy.

Director Knott emphasized that the role of research and theory in public policy education can not be overlooked. The study of theory can lead to change, he said, and should not be tossed aside in the "glorification of real

world issues."

Dean Chamberlin talked of the shift in the way policy is studied. He said it has gone from being grounded in individual disciplines to a combination of many, including law, business, education, social work, urban planning and others.

Dean Barnes explained how his school looks at the education of students as a three-legged stool. The students are pushed to combine theory they have learned in the classroom with methodology skills they have developed and apply it to issues in the community.

Broder said each program is doing the kinds of things needed to provide good public policy in the future. In particular, he said it is important not to forget about the study of theory.

"Nobody else is going to develop theory," he said.

Gala Dinner Caps Festivities

To top off the day's events, the institute held a dinner at Jumer's Castle Lodge in Urbana. In attendance were university as well as state and local dignitaries, and past and present IGPA faculty and staff.

All those in attendance received a 50th anniversary coffee mug and a history of the institute -- the first 35 years are covered by Samuel K. Gove, IGPA's director from 1967 to 1985, and the more recent past by Robert Rich, director from 1986 to 1997. Plans for the future are discussed by the institute's present director, Jack Knott. Copies of these reflections are available from the Urbana office.

PAUL H. DOUGLAS ETHICS IN GOVERNMENT PROGRAM

Paul Simon, former senator from Illinois, was honored as this year's Paul H. Douglas Ethics in Government award winner at a reception in Washington, D.C. on March 10. Senator

Simon will give a talk in connection with the award on October 11, 1999 in Springfield at the UIS campus.

As part of the Ethics in Government Program the institute held two educational events this spring, one in Urbana, the other in Chicago.

How to Fight Corruption in Government: Revisiting the Independent Counsel Statute

The debate over whether or not to reauthorize the Office of the Independent Counsel will be before Congress this spring and, according to the majority of a panel of experts, the office is beyond reform and should be allowed to die.

A panel discussion, held on April 5 in the IGPA-Urbana conference room, brought together four experts on the topic "How to Fight Corruption in Government: Revisiting the Independent Counsel Statute." Panelists were Terry Eastland, publisher of *The American Spectator* and author of *Ethics, Politics and the Independent Counsel*; Katy Harriger, associate professor of political science at Wake Forest University and author of *Independent Justice: The Federal Special Prosecutor in American Politics*; Andrew Leipold, University of Illinois law professor and a consultant to Independent Counsel Kenneth Starr; and Judge Abner Mikva, also a UI law school professor as well as a former White House counsel, a former federal judge and a former U.S. representative.

Prof. Leipold was the only member of the group to support the reauthorization of the independent counsel statute, but only with reforms.

"We need to start not with the question of whether it is as good as it can be, but what is the alternative," he said. "Is the alternative better?"

His answer was no, but the rest

of the panel felt that the act had failed in its goal of restoring public confidence in the executive branch.

"The independent counsel act has failed," said Mr. Eastland.

He said the act has not removed politics from the process of investigating the executive. The act has not removed the conflict of the executive investigating itself. And, the act does not promote public confidence in the investigation of these latest cases.

Congress is expected to vote on reauthorization in May.

The Character Issue: Personal Ethics and Political Leadership

A panel of distinguished scholars and their "provocateur" could not agree on whether character faults bear on a person's ability to lead or whether Americans simply pay too much attention to such matters.

"The Character Issue: Personal Ethics and Political Leadership" was the topic at the panel discussion held on the University of Illinois at Chicago campus on April 15. The panelists were Erwin Hargrove, professor of political science at Vanderbilt University and author of *The President as Leader: Appealing to the Better Angels of Our Nature*; Andrew McFarland, professor and head of political science at the Chicago campus of the University of Illinois and author of *Power And Leadership in Pluralist Systems*; Stanley Renshon, professor of political science at Lehman College, City University of New York and author of *High Hopes: The Clinton Presidency and the Politics of Ambition*; and Paul Quirk, professor of political science at IGPA and author of essays on *Presidential Competence and Coping With the Politics of Scandal*.

Stanley Fish, dean of the UIC College of Liberal Arts and Sciences, who described himself as a provocateur, rather than moderator, joined the panel.

The panel was divided on the question of whether people could compart-

mentalize actions that would be considered unethical or immoral from their actions as a leader.

Prof. Hargrove argued that character flaws weakened the ability of a president to lead. "The strongest political resource for a person is the beliefs and values of the American people," he said. Hargrove argued that when character flaws eventually show a difference between the people and their leader in these beliefs and values, the ability for the leader to do his or her job effectively is lessened. "Moral leadership is crucial," he said.

Prof. Quirk, on the other hand, suggested that "there is a remarkable degree of segmentation in people's moral character." He said that American democratic institutions don't depend on moral leadership. "We rely on self-interest," he said.

INTERGENERATIONAL RELATIONS

The elderly are a growing part of the population in the U.S. and the world. How do we assure that they are integrated into our community, that the services they will need are available, that providing those services doesn't harm younger generations?

People around the world are living longer than they expected. Women are living longer than men. People the age of grandparents are taking on the role of parents. We are remaining "children" to living parents for 60 years or more in many cases. How do all these things affect the development of individuals, families and communities?

The Hope For The Children Research and Policy Program of the Institute of Government and Public Affairs at the University of Illinois sponsored a day-long conference April 12 to explore these and other intergenerational issues. The Illinois Office on Aging and the Intergenerational

Initiative at Southern Illinois University cosponsored the conference, which was funded in part by a grant from the Ronald McDonald House Charities. It was held at the UIUC Illini Union on April 12.

Among the internationally known experts on aging, public policy and economics who spoke at the conference were Robert Blancato, former director of the White House Conference on Aging; Donna Butz, executive director of Generations United in Washington, D.C.; Jacob Climo, professor of anthropology at Michigan State University; Susan Ettner, associate professor in the UCLA Department of Medicine; and Brenda Krause Eheart, founder of Hope for the Children and an IGPA faculty member.

The keynote address was given by Gunhild Hagestad, professor at Agder College, Norway, and associate professor of human development and social policy and of sociology at Northwestern University; Hagestad was the keynote speaker at the United Nations kickoff of the celebration of "The Year of the Older Person: Towards a Society for all Ages."

During his luncheon address Mr. Blancato highlighted a number of public policy issues related to aging.

Social Security: Blancato said the budget surplus has taken the edge off reform efforts; he does not believe the issue will be seriously dealt with this year.

Medicare: This issue too, he said, is off the table, in part because of the failure of a 17-member non-partisan Medicare committee to get 11 votes for any one reform suggestion.

Medicaid: Blancato said that this program was the most important to watch because it will bear the brunt of the biggest health prob-

lems for people of all ages.

Older Americans Act: It is only 7 years until the baby boomers will fall under this. It will certainly become a larger issue.

Other issues he said to watch included cuts in Title 20 social services block grants, funding for nutrition programs, tax reform, education and age bias.

MANAGEMENT TRAINING SEMINAR

More than 100 of Illinois Governor George Ryan's top managers attended an April 16 management training seminar put on by the Office of Public Management of the Institute of Government and Public Affairs.

The seminar was so successful that OPM was asked to put on a second seminar even before the first was over.

The morning began with presentations on "Performance Measurement," which emphasizes results over process, and strategic management and planning.

After lunch, the managers split into breakout sections where they got to talk about specific questions and issues with seminar trainers Jim Thompson, a professor at UIC, an affiliate of IGPA and an expert on public administration; Paul Craig, a senior associate in IGPA's Springfield office; Bob Rich, director of OPM; and Jack Knott, director of the institute.

Finally, participants heard a panel discussion that included top state managers who had already implemented performance measurement in their offices.

NEWS FROM CPRD

IGPA's Center for Prevention Research & Development has just released a report on middle grades school reform for Michigan; for the past two years,

with funding from the Kellogg Foundation, CPRD has been tracking and evaluating over 100 middle grade schools as they undertake their reform efforts. CPRD has been invited to submit a grant proposal to the Robert Woods Johnson Foundation on the adoption of local policies that restrict tobacco and alcohol use. CPRD was one of 48 out of 169 organizations invited to submit a full proposal. In addition, the center sponsored the First Annual Substance Abuse Prevention Colloquium on May 14 at the Radisson Suite Hotel in Champaign with an impressive agenda of national and state presenters.

CPRD is preparing to move its offices in both Chicago and Champaign-Urbana. The CPRD staff in Chicago will be moving just down the street to 920 W. Van Buren and the Urbana office will be moving to 510 Devonshire Road in Champaign. The Chicago move is expected to be completed in April; the Champaign move in June. Telephone numbers will remain the same.

MAPA -- REVIVED AND REVISED

In the fall semester, 2000, the University of Illinois at Urbana-Champaign will re-introduce the Master of Arts degree in Public Administration (MAPA), and IGPA will be involved in that re-introduction. The reactivated MAPA program will be a two-year residential program designed for students preparing for entry into careers in government and the not-for-profit sector.

In spring 1999 Professor Tom Ulen (a faculty member in IGPA and the College of Law) accepted an appointment as director of the MAPA program, starting immediately.

There are solid reasons for reactivating a graduate program in public administration and policy at UIUC.

The public and non-profit sectors are large and important enterprises in society, representing significant economic activity and employment and responsibility for a large array of highly significant public goods and services as well as redistributive activities. Government employment, for example, represents six of the ten largest employers in the Chicago metropolitan area and more than 15 percent of total employment in that area. The rapidly growing non-profit sector is also a large employer of those with expertise in public policy and administration. Significant changes in the role of these sectors, as well as the devolution of federal and state responsibilities, provide new challenges.

Several recent studies have pointed to the problems facing the public service and have detailed the increasing need for well-trained public managers. The Governor's Human Resources Council concluded that Illinois would benefit from the enhancement of educational programs for the public service.

MAPA students would be admitted as cohorts of up to twenty-five students. With a proposed program length of two years, the goal would be to have a steady-state enrollment of approximately fifty students.

Our projections assume that the initial class would consist of only 15 students. In the next year we assume that the program will admit an additional 20 students. The program might achieve its steady-state enrollment level of 50 students within the first three years, but we believe that it may be five years before the program reaches that figure.

The MAPA would require 16 units, as follows:

- 8 one-unit courses in the Policy and Management and Analytic cores;
- 4 one-unit elective courses, comprising an area of specialization in various public policy and management areas (*e.g.*, four courses in environmental policy and natural resource administration);

- 1 one-unit public policy and management workshop (a semester-long study of a pressing current policy issue);
- 1 two-unit applied research project; and
- 1 one-unit professional internship.

Both to build cohesiveness among each cohort and to optimize resources, students would take core courses together as a group. A MAPA faculty committee will supervise the completion of an applied research project.

We anticipate that students in the MAPA Program will be able to seek joint degrees in other units on the UIUC campus (such as the College of Law, School of Social Work, Department of Urban and Regional Planning, Department of Civil Engineering, Institute of Labor and Industrial Relations, College of Communications, College of Education, Department of Forestry). ■■■

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NEWSLETTER

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Editors: Scott Koeneman and Anna J. Merritt

DIRECTOR'S STATEMENT by Jack H. Knott

The Internet offers an alternative and dramatically different way for politicians and policy makers to receive and convey information. Similar to the introduction of radio and television, the Internet is likely to alter who gets what information when and how.

Campaigns and Elections

Last month the Federal Election Commission (FEC) took on the task of deciding the rules that independent web sites should follow when touting or opposing candidates or providing information on the election. The FEC opened the way for non-partisan sites, such as the site supported by the League of Women Voters, to remain exempt from federal rules setting limits on campaign donations and expenditures. The commission demurred in deciding whether to give the same status to independent sites that support a particular candidate, including those sites developed without the campaign's knowledge.

The debate over Internet regulation of election campaigns revolves around free speech and the influence of money. The Internet offers the opportunity for local organizations and individuals to play a larger role, independent of the political parties. In a recent paper, the Center for Democracy and Technology argued that if the FEC includes independent sites in its rules, "the smaller organizations and individuals that the Internet promises to empower will instead be silenced, thereby discouraging the grassroots efforts of the very type that campaign finance laws were intended to enable and encourage."

The Internet opens the strategic opportunity to counter the major news media interpretations of campaign issues. Candidate Bill Bradley has used this strategy more than the other candidates. When the national news media failed to give any attention to a speech he made on balancing family with work, the Bradley campaign e-mailed 35,000 supporters about the speech, including placing the speech on the campaign's web site. A consultant to the Bradley campaign, Lynn Reed, observed, "Before the Web, if the national media didn't cover you that day, it was as if it didn't happen."

On-line giving offers a particularly attractive opportunity for a winning candidate to capture campaign momentum. Candidates had raised over \$1.5 million on-line by October, with the more anti-establishment candidates attracting the most on-line money. But the real test will come in February, following the New Hampshire primary. The winner, according to Mike Murphy, a consultant to candidate John McCain, must be "ready to drink from the fire hose on the day after. If you've got a Web Site and a credit card system (for contributions), \$3 million to \$4 million should show up very quickly."

Policy Making

The Web also has the potential to change the relation of the campaign to the public policy making process. Several Web sites, including the Web site of the FEC (www.fec.gov) offer detailed information on campaign contributions. Prior to the Internet, this kind of campaign information remained difficult to obtain and costly to summarize in useful ways.

The Internet allows journalists, interest groups and ordinary citizens to link campaign financing and specific votes that politicians take on policy issues. The most comprehensive site is www.tray.com maintained by Public Disclosure, Inc. The site maintained by the Center for Responsive Politics (www.opensecrets.com) specializes in linking contributions and votes in Congress, while the site by the Center for Public Integrity (www.publicintegrity.org) focuses on state-level information.

Lobby groups have discovered the Web. In the congressional debate over regulation of managed care, a coalition of groups ran an Internet ad campaign through E-Advocates, a multi-client Washington-based Internet advocacy firm. The ads asked Internet users to send individual cases of experiences with managed care, prompting 2000 people to send e-mails to members of Congress within five days. "We've made it less complicated for people to take action to talk to their member of Congress", says Pam Fielding, a principal at E-Advocates.

IGPA will devote its Public Policy Lunch in Springfield on December 9 to "Regulating the Internet and Electronic Commerce." We are also producing a Policy Soundings tape on the regulation of the Internet. The Law School, NCSA and IGPA are also starting a new scholarly, on-line journal called, "The Journal of Law, Technology and Policy," which will have developments in information technology as a major theme.

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FACULTY ACTIVITIES

Gary Albrecht (affiliate, public health, disability and human development, UIC) participated in The French National Consensus Conference on Disability and Handicap in Paris and has received The Mary Switzer Distinguished Research Fellowship from the National Institute on Disability Research and Rehabilitation as well as the Lee Founder Career Award from the Society for the Study of Social Problems.

Lee Alston (economics, UIUC) has been spreading the gospel of the New Institutional Economics. In May he spent two weeks teaching at the U.S. Business School in Prague, followed by two weeks at the Stockholm School of Economics. In September he was in Beirut as an advisor to a project on budgetary institutions in Middle Eastern countries. In August his book (co-authored with Gary Libecap and Bernardo Mueller), *Titles, Conflict and Land Use: The Development of Property Rights and Land Reform on the Brazilian Amazon Frontier*, reached the bookstores.

John Braden (affiliate, agricultural & consumer economics, UIUC) has been appointed interim director of the UIUC Environmental Council by Provost Richard Herman. Professor Braden served as director of the Illinois Water Resources Center from 1994 to 1998 and is currently an associate provost.

Jan Brueckner (economics, UIUC) has been named the Investors in Business Education Distinguished Professor in Economics. Over the summer, he spent three weeks in Paris as a visitor at CERAS-Ecole Nationale des Ponts et Chausees and at Universite du Maine (in Le Mans, a nearby city). During this time, he also spoke at a Star Alliance press colloquium in Frankfurt, discussing work done with Tom Whalen on the passenger benefits of airline alliances.

Tom Carsey (political science, UIC) has been working on the establishment of a new program jointly sponsored by IGPA and the Department of Political Science

at UIC called the Public Opinion and Public Policy (POPP) program. The central component will be a series of state-wide public opinion polls and subsequent publications based on their results.

Richard Dye (visiting professor, economics, Lake Forest College), **Therese McGuire** and **David Merriman** have been conducting research on property tax classification in Cook County. Results from the research were presented in September at a conference sponsored by the Lincoln Institute of Land Policy and the Civic Federation.

Jim Edgar (IGPA distinguished fellow) is a 1999 fellow-elect in the National Academy of Public Administration. He is spending the fall semester at Harvard University's John F. Kennedy Institute.

J. Fred Giertz (economics, UIUC) and **Bob Resek** spoke about the economic impact of technology on the Illinois economy at the "High Technology Task Force Hearing" held on September 22 at the Graduate School of Business of the University of Chicago. A University of Illinois brochure, with the title "Impact Illinois: 13 Ways the University of Illinois Benefits the State," contains a citation to research done by Professor Giertz that appears in the brochure. In its October 5 issue, the Chicago Sun-Times cites the Flash Index, an economic indicator that Giertz has produced for the past several years.

Rachel Gordon (sociology, UIC) published an article on "Multigenerational Coresidence and Welfare Policy" in the September 1999 special issue of the *Journal of Community Psychology*. The article examines the political history and research literature related to the requirement that unmarried minor (under age 18) parents who receive Temporary Assistance for Needy Families (TANF) must live at home with their own parents, or in an adult supervised setting. In August she gave a talk about "Two-parent families under welfare reform: Preliminary findings from an evaluation of Jobs for Youth/Chicago's Full Family Partnership Program" in a special session on The Chicago Face of Poverty and Welfare Reform at the annual meeting of the American Sociological Association, held in Chicago. And in November she will be part

of a panel discussing "Family policy studies" at the annual meeting of the National Council of Family Relations in Los Angeles.

Samuel K. Gove (director emeritus) has been appointed to a full term on the Illinois Board of Higher Education by Governor George Ryan.

George Gross (electrical & computer engineering, UIUC) is on leave in Italy for the 1999-2000 academic year.

Cedric Herring (sociology, UIC) co-edited *Empowerment in Chicago: Grassroots Participation in Economic Development and Poverty Alleviation*, with Michael Bennett, Doug Gills, and Noah Temaner and published by the Great Cities Institute and the University of Illinois Press.

Byron Higgins (IGPA senior fellow) is coordinating a conference on public management issues to be held on the University of Illinois at Chicago campus in early 2000.

Jay Kesan (law, UIUC) wrote a chapter on "Internet Service Provider Liability in the Digital Millennium Copyright Act," to be published in December 1999 in a book entitled *Transnational Cyberspace Law* edited by Makoto Ibusuki. He has also completed an article, "Making Firms Police Themselves: Strategic Prescriptions To Promote Corporate Self-Auditing," to be published in the *University of Illinois Law Review* as part of the Symposium on Innovations in Environmental Law (co-sponsored by IGPA). In September Professor Kesan gave the luncheon address, entitled "Technology as Law in Cyberspace," at the annual meeting of the UIUC College of Engineering Advisory Board.

Russell Korobkin (law, UIUC) is on leave at Texas A & M University during this academic year.

Jim Kuklinski and **Paul Quirk** are conducting research into how the interaction between competitive partisan politics and evolved human characteristics leads to biases in the policymaking process.

Therese McGuire (urban planning & public affairs, UIC) made a presentation in the seminar series on property taxation at the Lincoln Institute of Land Policy in Cambridge, MA in March and has been working with IGPA colleagues **Dick Dye, David Merriman, and Diane McCarthy** on a project that provides modeling and research capacity to the Cook County Assessor for the assessor's tax policy forum project. On October 16 Professor McGuire and her husband, Rob Porter, became the parents of James Clement McGuire Porter.

David Merriman (visiting professor, economics, Loyola University of Chicago) has had two academic papers accepted for publication. One argues that sales taxation of tangible goods but not services has significantly contributed to the growth of the service sector in the United States. The other, with **Richard Dye**, argues that tax increment financing has not stimulated, but actually depressed, economic development in the Chicago metropolitan area. Merriman and Dye published a short summary of their findings in the *Engineering News Record*, which has been called the bible of the construction industry. Merriman also worked as a consultant to the World Bank on the problem of world-wide cigarette smuggling. He presented some of his research results this summer at a conference in Antalya, Turkey. During this academic year Merriman is on leave at the Urban Institute in Washington, DC working on the interaction between state budget policies and US welfare reform.

Abner Mikva (IGPA senior fellow) was honored with the 1999 Civil Liberties Award from the ACLU of Illinois at its meeting in Chicago on October 2.

Peter Mulhall (director, IGPA Center for Prevention Research & Development) has been appointed to the Futures for Kids Advisory Panel by Lura Lynn Ryan, wife of Illinois Governor George Ryan; the panel will meet four times per year over a two-year period.

Jim Nowlan (IGPA senior fellow) has been appointed by Gov. George Ryan as a member of both the Governor's Accountability Council and his Strategic

Planning Council. As part of his work with the accountability group, Nowlan is chair of a committee to review the state's personnel system.

Abigail Payne (urban planning & public affairs, UIC) participated in the "Workshop on Nonprofit Organizations" sponsored by the Indiana University Center for Philanthropy and the Summer Institute on the Databases of the National Center for Education Statistics in Washington, D.C., both of which were held in June.

Elizabeth Powers (economics, UIUC) received the Arnold O. Beckman Award in May for the project "Child Disability and Maternal Labor Force Participation"; the award is given by the Research Board of the University of Illinois at Urbana-Champaign for projects of special distinction, special promise, or special resource value. Her report, "Block Granting Welfare: Fiscal Impact on the States," produced as part of an IGPA contract with the Urban Institute in their "Assessing the New Federalism" program appeared in May as Urban Institute Occasional Paper Number 23. Also in May she discussed a paper on state financing of special education at a National Bureau of Economic Research conference on the "Impact of Recent Federal and State Reforms in Public Assistance and Social Insurance Programs" in Cambridge, MA. Professor Powers also gave a talk on paternity establishment and child support enforcement in Illinois under welfare reform, entitled "Cooperation in Illinois: What We Have Learned So Far" at the National Child Support Enforcement Association's 48th Annual Conference and Exposition in Chicago on August 10.

Paul Quirk (political science, UIUC) is a member of the program committee for the annual meeting of the American Political Science Association to be held in September 2000.

Kent Redfield (Legislative Studies Center, UIS), published "Stacking the Deck: The Flow of Money from Gambling Interests into Illinois Politics," as part of the Illinois Sunshine Project.

Bob Resek (economics, UIUC) and **David Merriman** are co-principal investigators for

a study of the Value of Higher Education to the State of Illinois; the project is supported by the Illinois Board of Higher Education and is nearing completion. In addition, Governor Ryan has appointed Professor Resek to his "Governor's Economic Policy Council.

Bob Rich (law, UIUC) was presenter and chair of a panel discussion on executive education programs for government officials at the LINKS Conference in late April and continues to serve as the director of IGPA's Office of Public Management. Professor Rich also played a major role in organizing a conference on critical issues facing Illinois, which is described in greater detail elsewhere in this news-letter.

Tom Ulen (law, UIUC) finished the third edition of *Law and Economics*, which appeared in late August. He also attended a conference on comparative law in Torino, Italy, and is working on an article and book on law and behavioral economics. With **Jay Kesan** he is also preparing an IGPA Policy Soundings tape, organizing one of the 1999-2000 Policy Luncheons, and putting together a conference on intellectual property issues.

Jim Ward (education, UIUC) wrote a paper entitled "Demographic Trends and the Demographic Makeup of Illinois in 2010" for the Partnership Illinois/IGPA Conference on "Critical Issues Facing Illinois," held on the Urbana campus on September 27. In addition, he participated in a day-long interview, with Professor Neil Theobald of Indiana University, by the North Central Regional Educational Laboratory to produce materials for a policy-oriented audio tape series.

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A NEW FACE AT IGPA

Cheryl Jenkins became the assistant to the director in the institute's Chicago office in mid-July. In this newly created position, in addition to assisting the director, Ms. Jenkins provides administrative support and general management for the office.

GRADUATE FELLOWS IN PUBLIC AFFAIRS

The institute has established a new program designed to recognize and support selected students on all three University of Illinois campuses who are pursuing a graduate degree in a public affairs-related field. The fellowship students, each of whom receives a stipend of \$3,000, will meet at least twice during the year as a group and are invited to attend all IGPA events. The first meeting for this academic year took place in the institute's Chicago office on Saturday, October 16; the formal portion of the meeting included presentations by UIC Provost Elizabeth Hoffman and IGPA Director Jack Knott. Fellows for the 1999-2000 academic year are:

David Balan, economics, UIUC

Terrence Brown, medicine and public health, UIUC

Matt Foulkes, geography, UIUC

Michelle Gilles, public health, UIC

Jennifer Jerit, political science, UIUC

Albert Klumpp, public policy analysis, UIC

Robert McKee, public policy analysis, UIC

Mardi Noyes, public administration, UIS

David Paul, political science, UIUC

* * * * *

THE FUTURE OF PROPERTY TAX CLASSIFICATION IN COOK COUNTY

Former Illinois Governor Jim Edgar, former Illinois Comptroller Dawn Clark Netsch, Cook County Assessor James Houlihan, along with experts and civic leaders from across Illinois and the

nation, discussed the effect of property tax classification on the economy and public policy in Cook County and Illinois in a conference held September 9 at the University Club in Chicago. The conference was sponsored by IGPA, The Civic Federation of Chicago and the Lincoln Institute of Land Policy.

Cook County is alone among counties in Illinois to use property tax classification. The use of classification has been accused of contributing to everything from economic decline in Chicago and the inner suburbs to the failure of statewide school finance reform.

The Future of Property Tax Classification in Cook County looked at advantages, disadvantages and possible reforms of property tax classification as experts explored the validity of the charges leveled against it.

Edgar, now a distinguished fellow at the Institute of Government and Public Affairs, University of Illinois, and Netsch, now professor of law emerita at Northwestern University, appeared together on a panel that looked at the context of property tax classification from a variety of viewpoints.

The conference also explored the implications of classification for economic activity in the Chicago area, including the release of a new study by IGPA faculty members Therese McGuire, Richard Dye and David Merriman.

The authors of the study set out to determine what impact property tax classification had on business activity in the Chicago metropolitan area. The study found that the use of property tax classification in Cook County might be the cause of employment growth lower than that of the collar counties.

The three researchers looked at growth in 260 municipalities in Cook and the five collar counties in: market value of commercial property, market value of industrial property, the number of commercial and industrial establishments and employment. They set out to try to eliminate other factors that might be causes for differences in these measures of growth other than property taxes.

What they found was that the "effective tax rates" in Cook County were more than double those of the collar counties. They also found that growth in the four measures of economic activity studied was

significantly lower in Cook County. However, once other factors that might be slowing growth in Cook County were factored in, the only measure where they found growth might be deterred by property taxes was employment.

McGuire said the results show, first, that the evidence supporting the assumption that higher property taxes deter economic activity is mixed. And, second, that it is not a "smoking gun," an obvious reason, as many have assumed.

Others at the conference, including Michael Wasylenko, associate dean of the Maxwell School at Syracuse University, saw the evidence as strongly supporting the belief that higher property taxes deter economic growth. He said that, of the four measures, employment was the best gauge and should carry the most weight.

All agreed that more study is needed.

CONFERENCE ON CRITICAL ISSUES FACING ILLINOIS ATTRACTS LEADERS FROM GOVERNMENT, BUSINESS, AND NOT-FOR-PROFITS

Approximately 80 leaders from government, business, not-for-profits and academics participated Sept. 27 in the first Critical Issues Facing Illinois Conference sponsored by IGPA and the Partnership Illinois program.

They came to the Beckman Institute at the University of Illinois at Urbana-Champaign to learn about the issues Illinois must face over the next 25 years and plan strategies for dealing with those issues. Among those attending were the executive director of the Illinois Municipal League, the president of the Illinois Education Association, the executive director of the Illinois Commerce Commission, the president of the Illinois Manufacturer's Association, the Illinois Auditor General, nationally known experts in technology and economics, the editorial page editor of the Chicago Tribune, legislators and mayors.

The Critical Issues Facing Illinois Conference was part of Partnership Illinois' program to use the knowledge base of the University of Illinois to serve Illinois' economic, social and cultural organizations. The goal of the conference was to devise action plans for accommodating and

harnessing five key trends that will shape the future of Illinois:

- Globalization of the economy and its effect on Illinois
- Information technology, networking and the information infrastructure
- Burgeoning ethnic, age and gender diversity in Illinois
- The structure of the workforce in the year 2010 and the changing meaning of work
- Biotechnology and bioinformatics (genome information science)

Those invited to the conference were given customized background papers that highlighted how these trends might affect Illinois. During the conference, they heard additional presentations and panel discussions on technology, the media and government.

A major part of the conference was two strategy sessions. The first concentrated on the issues identified above and the second focused on various sectors, including agriculture, education, health care and transportation.

A press conference to discuss the day's efforts, including organizers and participants in the conference was held and attended by television, radio and print journalists.

Work is now underway to produce a document highlighting the findings of the various strategy sessions. That publication will be widely distributed to the media as well as leaders in government, business and not-for-profits with the hope that it will spur further discussion and efforts to deal with and capitalize on the issues the state faces.

* * * * *

FIRST CRITICAL ISSUES PAPER PUBLISHED

"Urban Sprawl: Diagnosis and Remedies," by Professor Jan Brueckner was published as the first IGPA *Critical Issues Paper* this fall.

The Critical Issues Program, guided by Professor Paul Quirk and Senior Fellow Byron Higgins, is designed to

help policymakers and their staffs, who are often inundated with reports and position papers attempting to influence their decisions. The information they receive is conflicting and often confusing; and they lack the time and expertise to identify the important facts and arguments and weigh their significance.

Critical Issues Papers seek to provide policymakers and others with balanced and impartial analysis and reasoned recommendations on some of the major issues they face.

The objective of the Critical Issues Program is to provide a consistent framework in which IGPA faculty, affiliates, and other university faculty can provide this service in an effective manner. Although the program is not restricted to issues concerning the state of Illinois, it envisions that IGPA will assume the role of providing such analysis and commentary, on a regular basis, on the most central issues facing Illinois government.

In the first edition of the series, Professor Brueckner states that "urban sprawl has been blamed for the loss of open space, traffic jams, pollution and a weakening of community social bonds. Now municipal, state and federal officials are looking at ways to control it. But should urban sprawl be restricted? And if so, by what means?"

"Excessive urban expansion is undesirable, but overly restrictive policies could do harm to the American standard of living. This harm would come from lower housing consumption as cities become denser.

"Urban spatial expansion is mainly due to three powerful forces:

- expansion of the U.S. population
- rising incomes
- falling commuting costs

"To the extent it is caused by these forces, urban growth merely reflects the operation of a market economy allocating land to its highest uses. Such growth can be assumed to enhance consumer welfare.

"However, three "market failures" might be exaggerating the effect of these fundamental forces and causing excessive growth, justifying at least some criticism of urban sprawl. These failures are:

- failure to account for the benefits of open space
- failure to account for the social costs of traffic congestion
- failure to make new development pay for the infrastructure costs it generates

"For each failure, there is a solution. Officials can put a "development tax" on each acre of land converted from agricultural to urban use. The tax, which would slow development, would be based on the value of the benefits from open space. Estimating that value is difficult to do accurately, however. Second, "congestion tolls" can be charged through either high- or low-tech means. These tolls, which can be accurately set, will lead to shorter commute trips and make cities smaller. Third, "impact fees" can be charged to cover the infrastructure costs from new development. Like development taxes, impact fees will slow the process of urban growth.

"These solutions have the advantage of restricting sprawl by eliminating the causes of excessive growth. They are thus superior to blunter policies, such as urban growth boundaries, that impose essentially arbitrary restrictions on land use.

"When crafting policies to address sprawl, policymakers must recognize that the potential market failures involved in urban expansion are secondary in importance to the powerful forces that underlie this expansion. By trying to override the fundamental forces, an overzealous attack on urban sprawl might needlessly limit the consumption of housing space, depressing the standard of living of American consumers."

Approximately 2,000 copies of the paper were printed and more than 1,000 were initially mailed out with a letter of introduction from IGPA Director Jack Knott. The response from public, private and academic sectors was immediate and positive. The institute has received numerous requests for additional copies and other inquiries.

Copies of the paper were also distributed at the Property Tax Classification in Cook County, Critical Issues Facing Illinois and the Power to the States conferences. The first two were IGPA-sponsored conferences for policy

makers and leaders in various sectors.
The third, Power to the States, was sponsored by the Pew Center for the States and attracted approximately 200 statehouse bureau reporters to discuss the

issues faced by state governments with the continuing devolution of power from the federal government. One session at the conference dealt specifically with coverage of urban sprawl.

IGPA hopes to publish at least two *Critical Issues Papers* a year. A topic for this year's second issue is currently being discussed. ■■■■

University of Illinois Policy Luncheons – Held in the Hall of Flags in the Howlett Building in Springfield (south of the Capitol Building, at Second and Edwards Streets)

Registration:

Name: _____
Address: _____

Phone: _____
Fax: _____
E-mail: _____

Tickets (includes lunch):

_____ x \$15.00 = _____ December 9: Regulating the Internet
(register by December 1)
_____ x \$15.00 = _____ February 10: Technology, Politics, and
Government (register by February 2)
_____ x \$15.00 = _____ April 20: Attorney General Jim Ryan
(register by April 12)

TOTAL ENCLOSED: _____

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Institute of Government and Public Affairs
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NEWSLETTER

Spring 2000 • Volume 13 Number 2

Editors: Scott Koeneman and Anna J. Merritt

DIRECTOR'S STATEMENT

by Jack H. Knott

Adlai Stevenson II would have turned 100 years old on February 4. To celebrate this occasion, the Illinois Historical Society and IGPA co-sponsored a presentation by Arthur Schlesinger on February 17 in Springfield. In addition, the Historical Society put together a wonderful exhibit of Adlai Stevenson II memorabilia at the Illinois Historical Museum, which ran from January 30 to March 19. While much of Schlesinger's speech and the contents of the exhibit concentrated on the 1940-1960 period, Stevenson's legacy points to lessons for the 2000 election and current issues in public affairs.

The phrase "politically correct" did not sit well with Adlai Stevenson. In the 1950s he spoke out against the abuses of the McCarthy committee and criticized Eisenhower and the Congress for not standing up for freedom and democracy. In a speech in 1952 in Detroit, where he defended those who were wrongfully charged by McCarthy, Stevenson declared that "My definition of a free society is a society where it is safe to be unpopular." He understood deeply the need for tolerance of opposing political viewpoints and the debilitating effect on democracy of a "litmus test" for patriotism and loyalty. Whether pro-life or pro-choice, pro-environment or pro-growth, he would have advocated public dialogue and a commitment to a broad set of values.

Polls show a continued decline in the confidence that citizens have in government and politicians. Stevenson held the view that government serves an important public purpose in society, and public service warrants participation by the most capable people in the country. John Steinbeck once wrote about Adlai Stevenson II: "You made it seem possible for politics to be as it once had been, an honorable, virtuous, and creative business. You let light into a dark and musty room."

Candidates for office like to run as "outsiders," even when they have served their careers in government. Candidates also pledge not to engage in negative advertising, while running slanderous attack ads against their opponents. Anti-government slogans, especially against the federal government, fill the radio waves in call-in programs and invade late night comedian talk shows. In contrast, Stevenson committed himself to a high level of public discourse among political leaders and believed that the American public valued open and honest viewpoints. In a speech in Los Angeles during the presidential campaign of 1952, Stevenson stated that "Forthright discussion of the real public questions is neither beneath the dignity of the political candidates nor above the intelligence of the American people."

Stevenson also anticipated the

emergence of a global economy and society. He served as ambassador to the United Nations and worked hard on building ties among peoples of different cultures and backgrounds. He believed in free trade and the open exchange of ideas and people across borders as the means toward world peace and security. At the UN's twentieth anniversary celebration in San Francisco he observed, "World order will not come through the purity of the human heart nor the purge of the human soul, but will be wrought from a thousand common ventures that are at once possible and imperative." His vision would welcome the unregulated development of the Internet and the growing interdependencies among peoples and economies of the world.

In his own day, Stevenson was branded an "egghead" by his political opponents and as someone who couldn't connect with the average citizen. During the fifties, he lost two hotly contested political campaigns for the presidency to Dwight D. Eisenhower and lost the nomination race to John F. Kennedy in 1960. Stevenson learned the hard way that remaining honest, eloquent and forthright is not a formula for victory. Yet despite his losses, or perhaps because of them, Stevenson stands as an important beacon for a better, decent and intelligent campaign, if only we-the-people want one.

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FACULTY ACTIVITIES

Gary L. Albrecht (affiliate, health policy and administration, UIC) received the Lee Founders Award from the Society for the Study of Social Problems in "recognition of significant achievements over a career that have demonstrated a dedication to humanistic ideals in research and service." He was named to the editorial board of *Sociology of Health and Illness* and to the President's Council of the University of Illinois Foundation, was elected to the executive committee of the American Public Health Association's Disability Forum, and is serving on a grant review panel for the Australian Research Council. Dr. Albrecht was selected as the council's Distinguished Lecturer in Disability Studies and delivered lectures at nine universities and medical schools in Australia. With co-editors Ray Fitzpatrick and Susan Scrimshaw he published *The Handbook of Social Studies in Health and Medicine* (Sage, 2000) as well as articles on "Disability Humor: What's in a Joke?" in *Body and Society*, "Understanding and Managing Health Care Intervention of the Terminally Ill," in *Research in the Sociology of Health*, and "Disability Assumptions, Concepts, and Theory" in *Social Science and Medicine*.

Lee Alston (economics, UIUC) taught a course in the fall entitled "Institutions and Policy" to a joint group of economics and political science graduate students; he also organized a workshop around this course. During this spring semester he is holding a workshop on "Institutions in Law and the Social Sciences," to which he has invited a number of outside speakers.

Jan Brueckner (economics, UIUC) received a research contract for \$15,000 from the Lincoln Institute of Land Policy to study tax increment financing. In December he was a panelist at a U.S. Department of Transportation ministerial conference in Chicago that dealt with airline alliances; other panelists included two

airline CEOs and two transportation ministers. Professor Brueckner also presented papers at the U. of British Columbia, U. of Wyoming, U. of Colorado, UI-Chicago, the Regional Science Association and ASSA meetings, and at a Lincoln Institute conference on property taxation.

Jim Edgar (IGPA distinguished fellow) has been named to the Governors Leadership Council of Drug Strategies, a not-for-profit research institute made up of former governors from both political parties who are developing drug policy for consideration by the states. Edgar has also been named to the board of directors of the National Center for Public Policy and Higher Education. In addition, the former governor will serve as co-chair with Judge Abner Mikva on the Illinois Task Force on Political Representation and Alternative Electoral Systems; [an article about this project appears later in this newsletter].

Brenda Eheart (research specialist, UIUC) presented papers at the national Council on Family Relations in Irvine, CA on Nov. 15, 1999, at the Illinois Governor's Conference on Aging in Chicago in November, and at a special conference of the Society for the Study of Symbolic Interaction in Florida on Jan. 27, 2000. Last October she was one of 18 US citizens invited to attend the 1st International Conference on Intergenerational Programmes to Promote Social Change, in Maastricht, The Netherlands. A paper she co-authored with Martha Power, "From foster care to fostering care: The need for community," was published in the February issue of *The Sociological Quarterly*. Eheart was highlighted as the founder of Hope for the Children in the January AARP Bulletin, which resulted in over 300 letters. In February the Hope project was also featured on the Oprah Winfrey Show.

J. Fred Giertz (economics, UIUC) has been named as the new executive director of the National Tax Association, a nonpartisan group based in Washington, D.C., designed to foster

discussion of tax theory, tax policy, and other aspects of public finance. In an article on the sale of the Clinton Power Plant that appeared in the Decatur Herald and Review in mid-December, Giertz was quoted as saying that "Clearly [the Illinois Power Co.] didn't get much for it, but they got a problem off their hands.... There's a potential that Clinton could be a very valuable resource but Illinois Power was never able to exploit that." Professor Giertz was also quoted at length in an article carried in the Champaign-Urbana News Gazette on December 19 about the estate tax; "Giertz... believes the federal estate tax will be cut or eliminated the next time there's a major tax cut. 'First, the tax is complex and creates lots of problems.... Second, the tax collects only about 1 percent of government revenue.' For families who own closely held businesses and farms, the tax can create cash-flow problems." In addition, Giertz was featured in the February 3 issue of the UIUC campus newspaper Inside Illinois.

Rachel Gordon (sociology, UIC) received a grant in December from the Foundation for Child Development to upgrade and promote the web site guide to "Careers in Child and Family Policy" (www.igpa.uillinois.edu/cfp). She and her colleagues in psychiatry recently had a paper accepted for publication in the *Journal of Research on Adolescence* about "Young Maternal Age at First Birth and Boys' Risk of Conduct Disorder." In March she will present a paper on "Women's Participation in Market Work and the Availability of Child Care in the U.S." (joint with Lindsay Chase-Lansdale) at the conference "Work and Family: Expanding the Horizons" sponsored by the Alfred P. Sloan Foundation, the Center for Working Families at the University of California, Berkeley, and the Business and Professional Women's Foundation.

Doris Graber (affiliate, political science, UIC) presented a paper on "The Many Faces of News: From Mainstream Media to Cybermedia" at the American Political Science

Association meeting in Atlanta. The paper, co-authored with PhD candidate Brian White, compared coverage of a single event -- the verdict in the Clinton impeachment trial -- by a broad spectrum of diverse media outlets. During the meeting, Graber received the APSA's prestigious Goodnow Award for Service to the Political Science Profession. She was recognized for this award at an Honors Recognition awards ceremony at UIC in November. In December Graber presented a keynote address at an international congress on "Technological Innovation and Political Communication" convened in Perugia, Italy. She also presented lectures at Duke University in September, at the Midwest Association for Public Opinion Research in November, and at an IGPA brown bag in Chicago in January. The fourth edition of her reader on *Media Power in Politics* is scheduled for publication this spring.

Earl Grinols (affiliate, economics, UIUC) has been asked to serve as guest editor for a symposium issue of *Managerial and Decision Economics* in spring 2000 devoted to the economics of gambling. He helped organize and chaired a session for the conference "Business, Ethics and the Media" on the UIUC campus in August 1999, was the featured luncheon speaker for the annual meeting of The National Coalition Against Legalized Gambling in Jackson, Mississippi in September 1999, and was an invited speaker for the National Medical Association meetings in Las Vegas, Nevada, in August 1999. He participated in a meeting on WTO and World International Trade, held in relation to the Ministerial Meeting for WTO round of trade negotiations in Seattle last December; his paper was selected for videoconferencing to participants in China. Professor Grinols also presented papers for the January 2000 American Economic Association meetings in Boston, relating his work on casinos and crime.

Tina Gunsalus (affiliate, associate provost, UIUC) gave an invited

presentation in November on the views of the research community to the OSTP proposal for a new federal definition of misconduct at the NAS/NAE/IOM "town meeting." She also gave five presentations at annual meetings of national societies and universities around the country on survival skills for administrators, dealing with difficult people, and bullyproofing academic departments. She gave several on-campus presentations to various graduate seminars on research ethics, professionalism and how to have a dispute professionally. Gunsalus, who serves as president of the Urbana school board, also testified in September at a legislative hearing on HR4 about the transfer of adult education to the community college board.

Jay Kesan (law, UIUC) has a chapter, "Internet Service Provider Liability in the Digital Millennium Copyright Act," in the book *Transnational Cyberspace Law* (Makoto Ibusuki, ed., Japanese edition; English edition -- Hart Publishing 2000) and an encyclopedia article, "History of Civil Rights in Ohio," in *Encyclopedia on Civil Rights in the United States* (Waldo E. Martin, Jr. & Patricia Sullivan eds., Macmillan 2000). He also continues to serve as a consultant to the U.S. Department of Commerce and the Civilian Research & Development Foundation (CRDF) advising the former Soviet Union countries on intellectual property legislation and technology commercialization activities.

Gerrit Knaap (affiliate, urban & regional planning, UIUC) has organized a conference on land supply monitoring to be held in Cambridge, MA, in April; it is sponsored by the Lincoln Institute of Land Policy. With others he received funding from the NSF to study the influence of land use controls and infrastructure investments on the Chicago metropolitan area. In addition, he and a group of colleagues received funding from the IDNR to study the impacts of zoning and infrastructure finance on metropolitan growth patterns in Illinois. Professor

Knaap also testified before the Illinois Growth Task force last November.

Jim Kuklinski (political science, UIUC) received two grants from the Joyce Foundation to study alternative electoral systems, with an emphasis on cumulative voting. He is in the process of creating a task force that Jim Edgar and Ab Mikva will co-chair. Its primary task will be to hold meetings across the state and gather citizens' reactions to various electoral systems; [see article on this project later in this newsletter].

Mike McCormick (special assistant to Jim Edgar) was elected to the board of directors and to the executive committee of the Tax Accountability Project in January 2000. The project is a bipartisan, not for profit organization concerned with the creation of a fair and accountable tax system and tax policy in Illinois.

Anthony Orum (affiliate, sociology, UIC) has just completed the fourth edition of his textbook, *Introduction to Political Sociology*, which will be published this summer by Prentice-Hall. In addition, he and his colleague Xiangming Chen are writing a book, *Urban Spaces: A Concise Introduction to Cities*, for the Blackwell Series on 21st Century Sociology, edited by Steven Seidman. Chen and he also are the recipients of a research grant to study the impact of the global economy on Shanghai and Kaoishung (in Taiwan), and will begin their research in China and Taiwan this summer. Finally, he is the editor-designate of a new journal, *City & Community*, sponsored by the American Sociological Association as well as the Community and Urban Sociology Section of the ASA. The journal will specialize in articles in urban sociology but will welcome high quality manuscripts on a range of urban issues.

Elizabeth Powers (economics, UIUC) presented research on "Child Disability and Maternal Labor Force Participation" at the twenty-first Association for Public Policy Analysis and Management

(APPAM) annual research conference in November in Washington DC and at a seminar in the economics department at the University of California at Berkeley, also in November. She served as a discussant on papers on welfare financing at the National Tax Association annual meetings in Atlanta in October and served as a discussant on a paper on the Earned Income Tax Credit at a conference sponsored by the University of Chicago/Northwestern Joint Center for Poverty Research in Evanston in October. Professor Powers also received a grant for her research on the "Impact of Specific Childhood Disabilities on Parental Work Effort and Family Earnings" from the Mary Jane Neer Fund in the College of Applied Life Sciences, UIUC, in February.

Paul Quirk (political science, UIUC) and his co-author Joseph Hinchliffe had an article on "The Rising Hegemony of Mass Opinion: How public opinion came to rule the American political system" in the winter 2000 issue of *County to County*.

Bob Resek (economics, UIUC), along with Susan Hartter and Paul Byrne, testified on Thursday March 2 for the Illinois Board of Higher Education (IBHE) at the Higher Ed hearings in Springfield. The hearings were preceded by a news conference about their work on "Illinois Higher Education: Building the Economy, Shaping Society." The full text of the report may be found on IGPA's web site.

Tom Ulen (law, UIUC) has been named director of the Masters in Public Administration (MAPA) program on the Urbana-Champaign campus. The program hopes to enroll its first student cadre in fall 2001. Together with Jay Kesan he is also organizing a joint IGPA/College of Law conference for April 14 on intellectual property issues.

Jim Ward (education, UIUC) is working with a number of state and regional groups on policy research relating to the issues of public school teacher quality and teacher supply and

demand. On February 28-29 he co-chaired a conference of midwestern university-based educational policy researchers examining the recent report of the Educational Commission of the State on educational governance. Professor Ward is working with the Michigan Department of Education on an analysis of their major policy documents for improving Michigan schools and is co-editing a book, due for release in October 2000, on the research base for class size reductions.

Michael Ward (affiliate, agricultural & consumer economics, UIUC) testified before the Canadian Competition Tribunal on behalf of the Canadian Competition Bureau on the competitive implications of a proposed merger between Superior Propane Inc. and ICG Propane Inc. In November he made a public presentation to a Mt. Vernon, IL audience on Internet shopping over the holiday season that was based on his recent research.

VOTING PROJECT

A group of faculty and staff at IGPA have undertaken an analysis of electoral systems and political representation in Illinois and elsewhere.

The project, led by professors Jim Kuklinski, Sam Gove, and Jim Nowlan, with help from IGPA staff members Mike McCormick and Susan Hartter, includes three parts: research into the effects of Illinois' change from cumulative to plurality voting to elect members of the Illinois General Assembly, a task force made up of leaders and experts from across the state that will garner views toward alternative election systems, and an assembly where members of the task force and others will come together and try to make recommendations for Illinois.

The Task Force on Political Representation and Alternative Electoral Systems will be the most visible of the three parts of the project and will be cochaired by former Governor Jim Edgar (IGPA distinguished fellow) and Judge Abner Mikva (IGPA senior fellow). The task

force is expected to hear testimony from political leaders, voter groups, and academic experts. The first meeting of the task force is being planned for April 3 in Chicago.

Once the task force has completed a series of hearings across Illinois, the group's members and others will meet in an assembly. Professor Kuklinski will present the results of his research on the effects of Illinois' change to a pluralist system to the assembly as part of the group's deliberations. The research is exploring the effects of the change from cumulative voting on, among other things, turnout, minority representation, and party cohesion in the state legislature.

Participants in the assembly will use the collected information and the research study to make recommendations on how Illinois citizens should choose their political representatives.

POLICY LUNCHEONS

Among the many issues facing policy makers today are the questions of whether or not Illinois needs a rainy day fund, how much (if at all) states should regulate and tax the Internet, and what role technology will play in politics and government. In an attempt to improve the understanding of these issues, IGPA brought together experts from the fields of government, private industry, and academe for the Policy Luncheon Series.

In its second year, the Policy Luncheon Series continues to be popular, drawing as many as 75 people to each lunch.

Elizabeth Powers, an IGPA economist, once again headed the program, with help from IGPA faculty and staff members J. Fred Giertz, Jay Kesan, Thomas Ulen, Mike McCormick, and Anna Merritt. The group organized four luncheons, of which three have already been held.

The first luncheon, held November 3, was entitled "A Rainy Day Fund for Illinois." Giertz and Illinois Comptroller Daniel W. Hynes dealt with the issue of whether, in light of Illinois' recent strong increase in revenue and

the tobacco settlement, the state should establish a rainy day fund, as many other states have done.

The second luncheon, "Regulating the Internet and Electronic Commerce," was held December 9 and was the best attended thus far this year. The discussion brought together William Cook, partner, Winston & Strawn, Chicago; Rodger Heaton, assistant U.S. attorney in Springfield; and Kesan, an expert on technology issues. Ulen moderated the panel. The consensus of the discussion was that legislatures across the country should carefully consider the effects of regulation before passing laws that restrict or tax the development of e-commerce.

"Technology, Politics and Government" was the topic of the third Policy Luncheon, held February 9. Participants in this discussion included Adelaide Elm, communications director and founding board member, Project Vote Smart; Bryan Schneider, counsel to the Republican Leader of the Illinois House; and Bruce Williams, professor in the Institute of Communications Research and the Department of Urban and Regional Planning, University of Illinois at Urbana-Champaign. Ulen and IGPA Director Jack Knott led the discussion of whether or not Internet campaigns and instant communication will further alienate citizens from government or lead to a purer form of democracy.

The final Policy Luncheon, scheduled for April 20, will feature a talk by Illinois Attorney General Jim Ryan. Ryan will speak about his career in government and will take questions from the audience.

The College of Urban Planning and Public Affairs at the University of Illinois at Chicago, the Institute for Public Affairs at the University of Illinois at Springfield have worked with IGPA as sponsors of the Policy Luncheon Series.

CORRUPTION IN GOVERNMENT: CAUSES, CONSEQUENCES, AND REMEDIES

The Paul H. Douglas Ethics in Government Program is sponsoring a panel discussion, "Corruption in Government: Causes, Consequences and Remedies," to be held at the Chicago campus of the University of Illinois the afternoon of March 23.

The panel will include Professor Susan Rose-Ackerman of Yale University, J. Terrence Brunner, president of the Illinois Better Government Association, Professor John Gardiner of the University of Illinois at Chicago and others.

The speakers have varying backgrounds and perspectives that will allow them to provide valuable lessons for citizens and officials of state or metropolitan government, particularly Illinois and Chicago, and especially for students of public administration. Each speaker will address some or all of the following questions: What is governmental corruption and why does it occur? What are its economic, political, or administrative consequences? And, what are the most effective strategies for dealing with it? Is corruption mainly a problem of moral education, administrative systems, or something else? What can be done on a system-wide basis to reduce the incidence of corruption? Can anti-corruption initiatives do more harm than good? What can be done to help reduce corruption by those responsible for educating future administrators?

The discussion will be held in association with the UIC Public Administration Students' Association, which will be holding its annual meeting that day.

The event will also feature a student essay contest. A similar contest, where students were awarded cash prizes for the top three essays based on the discussion or its topic, was held last year.

CRITICAL ISSUES CONFERENCE

The final report of the Critical Issues Facing Illinois Conference has been published, but work connected to the conference is far from over.

The conference, sponsored by the Institute of Government and Public Affairs and Partnership Illinois, brought together approximately 80 leaders from government, business, not-for-profits and academics. The goal of the conference was to devise recommendations for accommodating and harnessing five key trends that will shape the future of Illinois:

1. Globalization of the economy and its effect on Illinois;
2. Information technology, networking and the information infrastructure;
3. Burgeoning ethnic, age and gender diversity in Illinois;
4. The structure of the workforce in the year 2010 and the changing meaning of work; and
5. Biotechnology and bioinformatics (genome information science).

The conference included two strategy sessions. The first concentrated on the issues identified above and the second focused on various sectors, including agriculture, education, health care and transportation and how those sectors might be affected by the trends.

The recommendations that came out of those sessions and supporting materials have been compiled into a final conference report. But, there is more work to be done. Planning is underway to hold round table discussions for each of the areas discussed. Those round tables will flesh out the recommendations made at the conference and the resulting action plans will be integrated into a *Guide for Illinois' Future*.

While this is an ambitious project, as higher education's premier public research institution, the University of Illinois has an obligation to think boldly about our future, said Associate Chancellor Steven Schomberg in a preface to the final report on the conference.

INTELLECTUAL PROPERTY CONFERENCE

The Institute of Government and Public Affairs and the University of Illinois at Urbana-Champaign College of Law will cosponsor a day-long conference on intellectual property issues on April 14. Professors Thomas Ulen and Jay Kesan, both of IGPA and the College of Law, are planning the conference.

"Intellectual Property Challenges of the New Century" will be held at the law school and at IGPA. Fifteen speakers, including some of the best-known experts in the fields of copyright, trademark, patent and trade secret law will be making presentations at the conference, among them Jerome Reichman of Vanderbilt, Ian Ayres of Yale, Dave McGowan of Minnesota and Roberta Kwall of DePaul.

Papers presented at the conference will cover such topics as what state and federal governments can do about these new challenges, what the Internet means for copyright law, and the privatization of the U.S. Patent and Trademark offices. The papers will be published in a special symposium issue of the *University of Illinois Law Review*.

The conference's luncheon speaker will be Max Grant of UNext.com. He will discuss the intellectual property hurdles with which the company is wrestling to begin providing college courses on line.

For more information about the conference, contact Ulen at (217) 333-4953 or by email at tulen@law.uiuc.edu.

LEADERSHIP DIALOGUES 2000

The Leadership Dialogues 2000 series examines six leadership themes that will become increasingly controversial in the 21st Century. Each seminar will focus on a different theme and feature a path-breaking book. Individuals known for their scholarship as well as their practical experience in a leadership role

will lead the discussions.

Participants in the Leadership Dialogues 2000 program will embark on a journey of self discovery and new ideas in the world of leadership -- in part through their reading of the text, in part through the insights provided by the facilitator, and in part through the discussion with other participants. The emphasis in each seminar will be on the relevance of all these parts to the real-world issues facing leaders today. And through each journey, participants will discover new ideas and invent new meanings for these ideas in their organizations.

Those who sign up for a dialogue will receive a copy of the book to be discussed in advance of the session. It is hoped that, after the discussion, each participant will feel a real ownership of the ideas contained inside the book's covers and that they will take it off the shelf in later years to reread certain passages just as they turn to a friend when they need some special words of wisdom.

The books to be explored in this year's program include *Management Challenges for the 21st Century* by Peter F. Drucker; *Billy Budd*, by Herman Melville; *Undaunted Courage: Meriwether Lewis, Thomas Jefferson, and the Opening of the American West*, by Stephan Ambrose; *Leadership is an Art and Leadership Jazz*, by Max Depree; *Gods of Management*, by Charles Handy; and *The Drama of Leadership*, by Patricia Pitcher.

Each day-long dialogue is held at the Urbana-Champaign campus of the University of Illinois. IGPA's Office of Public Management presents the series.

LEADERSHIP CHALLENGES 2000

Throughout the "oh-oh" years of 2000-2009 public leaders will have to find ways to cope with the relentless pressures of technological change. While everyone is concerned about the intrusion of technology into the personal and workaday worlds of the average citizen, business and government leaders feel the impact even more

sharply not only from the technology itself, but also from those whom they lead. We expect our leaders to remain the masters of any new technology, not its slaves. In addition, we expect our leaders to maintain our essential humanity even in the face of technological wonders.

Leadership Challenges 2000, presented by the Office of Public Management in the Institute of Government and Public Affairs, offers an opportunity to explore two of the major issues confronting leaders in the next millennium: technology and strategic thinking in the context of chaos theory.

The first program, to be held April 4-6, will feature Dr. Neil Postman facilitating a dialogue on the meaning and social consequences of technology. Dr. Postman examines the language of technocrats and the value as well as the cost of technology as it influences the relationships between humans and their environment. Postman is the Paulette Goddard Chair of Media Ecology and chair of the Department of Culture and Communication at New York University. In his 1992 book *Technopoly*, he raised the consciousness of Americans regarding the cost of technological progress. The book won wide acclaim for its sensitive assessment of the social and cultural impacts of an emerging social theology based on technology.

The second program, scheduled for Oct. 17-19, 2000 includes a presentation by Irene Sanders, author of the recently published volume *Strategic Thinking and the New Science*. This seminar will explore the experiences and conversations of the participants and link them to the ideas emerging from the new science of chaos theory and complexity. Sanders is the director of the Business Network of the Colorado Center for Chaos and Complexity at the University of Colorado.

Together, these seminars will challenge participants to rethink their roles and to arrive at better ways of performing in them. Both seminars in the Leadership Challenges 2000 program will be on the campus of the University of Illinois at Urbana-Champaign.

MARIE WILSON

The Institute of Government and Public Affairs was a sponsor of a speech by Marie C. Wilson on the Urbana-Champaign campus of the University of Illinois March 22.

An advocate of women's issues for more than 30 years, Wilson has raised millions of dollars for programs and organizations serving women and girls. She is the former president of the Ms. Foundation for Women, where she helped create the Women's Economic Development Collaborative Fund and the Collaborative Fund for Healthy Girls/Healthy Women. As the foundation's president, Wilson helped launch Take Our Daughters to Work Day. In 1995 she served as a delegate to the United Nations Fourth World Conference on Women held in Beijing, China.

Marie Wilson currently serves as president of The White House Project, which was created to change the political climate in a way that would allow women to launch successful campaigns for the U.S. presidency and other key positions.

The nonpartisan project is committed to raising awareness of women's leadership in American politics and mobilizing women of all ages to participate in civic life.

The Office of Lieutenant Governor Corinne Wood hosted the speech. The UIUC chancellor's office was also a sponsor. Cosponsors included The Women's Studies Program, The Department of Political Science, the College Democrats, and the College Republicans.

PROPERTY TAX CLASSIFICATION IN COOK COUNTY

Conventional wisdom and basic economic principles would suggest that an area subject to higher commercial and industrial property taxes than its nearby neighbors will suffer reduced economic development in comparison to those neighbors. On the other hand,

any effort to reduce such unequal or classified property tax rates will produce a revenue shortfall. Raising taxes on homeowners to equalize rates and recover this lost revenue will encounter enormous and obvious political resistance.

This is the situation currently facing Cook County and the city of Chicago, and was the subject of a conference, held Sept. 9, 1999 and led by IGPA faculty member Therese McGuire. The conference was cosponsored by the Lincoln Institute, IGPA, and the Civic Federation of Chicago and brought together more than a hundred business and civic leaders, academics and practitioners to consider alternative methods of addressing the problems presented by the Cook County classification system.

In Illinois, the use of a property tax classification system by Cook County has been blamed for the economic decline of Chicago and the inner suburbs. The classification system is also seen as a barrier to reforming school funding and the state's tax system.

Illinois has long operated under the twin principles of uniformity and universality for both real and personal property, and both principles were incorporated into the Illinois Constitution of 1870. However, de facto or administrative classification of real property developed in Cook County as a response to the difficulty in taxing personal property in the same manner as real property. By the 1920s, the Cook County assessor publicly acknowledged assessing residential property at 25 percent of real value and business property at 60 percent.

The 1970 Illinois constitutional convention was the product of numerous reform efforts in Illinois during the previous decade. The state had failed to find a compromise redistricting plan after the 1960 census, causing the entire Illinois House to be elected as at-large members in 1964. That election brought many reformers to office, among them Adlai Stevenson III. A House-created commission charged with recommending constitutional reforms subsequently called for the

1970 convention, and the General Assembly concurred.

Several delegates on the convention's revenue committee were passionately in favor of uniformity, and they had considerable support from experts who opposed classification as a matter of economic policy. On the other hand, the Chicago delegation was adamant in demanding that the new constitution legalize classification. It was generally believed that without this legalization, the new constitution would not have the support of Chicago Mayor Richard J. Daley and his Chicago delegation, in which case it would fail to pass.

As a result, the 1970 Illinois Constitution allowed counties with a population greater than 200,000 to classify property for taxation. Today, Cook County's classification system is considered by many to be an impediment to Illinois' attempts to deal with a variety of social and economic issues. In 1997 then Governor James Edgar led an unsuccessful attempt to convince the General Assembly to gradually shift the burden of education funding from property taxes to income taxes. One of the strongest arguments against the effort was that it would be a windfall for businesses and corporations, whose property taxes would be shifted to individual taxpayers. That shift would have been even greater in Cook County, which has more than 47 percent of the state's entire assessed value and where businesses pay property taxes at a rate approximately double that of homeowners.

In terms of economic development, some observers believe that classification puts Cook County at a disadvantage in the eyes of business people who might consider locating in Illinois or expanding their operations in the state. Recent research has shown that high property taxes do have a negative effect on the market value of property and do deter businesses from locating in the affected areas. New construction and retail trade are also affected negatively, although the service sector does not appear to be influenced by high property taxes.

A recent study by Richard Dye,



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Therese McGuire and David Merriman, all affiliated with IGPA, found that the effective tax rate of Cook County (5.52% for commercial and 5.78% for industrial property) is higher than in the collar counties, which have an average rate of 2.54% on all property. Furthermore, they found that four measures of economic activity growth in the value of commercial property, the value of industrial property, the number of establishments and the employment rate were measurably lower in Cook County than in the collar counties. But is that the end of the story?

No, according to the study's authors. A multifaceted national trend is dispersing population, employment and business activity away from metropolitan centers to outlying counties. To determine if it is this national trend or specific property tax

differences that is causing slower economic growth in Cook County, the study examined the characteristics of 260 municipalities in the Chicago metropolitan area.

The researchers presented their results, which found weak evidence at best that taxes matter. Once other influences on business activity were factored out, the researchers determined that, for the entire six-county region, employment was the only economic activity that seemed to be adversely affected by property taxes, although in the border region the market value of industrial property and employment were also affected. The bottom line is that the evidence is mixed and inconclusive, said McGuire. There is no smoking gun.

Another participant in the conference challenged this interpretation of

the results. Michael Wasylenko of Syracuse University, who had been asked to review the study in advance and discuss it at the conference, said he was convinced that the researchers did find significant effects because the employment measure is a better measure of economic activity than the others.

"If the employment factor, then, is the one to be given the most weight and Cook County's property tax classification system is economically disadvantageous, in addition to being a political roadblock to reform, what is to be done? It comes down to whether the economic gains that might be realized if you went to a non-classified tax are worth the political battles. Are the economic development advantages enough to want to do this?" said Wasylenko.

The University of Illinois is an affirmative action/equal opportunity institution.

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